

5203. Also, petition of the International Union of United Furniture Workers of America, urging enactment of the wage-hour bill; to the Committee on Labor.

5204. Also, petition of the United Federal Workers of America, urging enactment of the Federal Workers' Minimum Wage Act; to the Committee on the Civil Service.

5205. By Mr. KEOGH: Petition of the conference of mayors and other municipal officials of the State of New York, opposing the Senate amendment to the Federal Highway Act; to the Committee on Roads.

5206. By Mr. BOYLAN of New York: Letter from the Quartermen and Leadingmen's Association, Brooklyn Navy Yard, protesting against suspension of leadingmen and quartermen at navy yard; to the Committee on Naval Affairs.

5207. By the SPEAKER: Petition of the County of Los Angeles Board of Supervisors, Los Angeles, Calif., petitioning consideration of their resolution dated May 10, 1938, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

SENATE

MONDAY, MAY 23, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 19, 1938, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hughes	Pepper
Andrews	Davis	Johnson, Calif.	Pittman
Austin	Dieterich	Johnson, Colo.	Pope
Bailey	Donahay	King	Radcliffe
Bankhead	Duffy	Lee	Reynolds
Barkley	Ellender	Lodge	Russell
Berry	Frazier	Logan	Schwartz
Blibo	George	Lohergan	Schwellenbach
Bone	Gerry	Lundeen	Sheppard
Borah	Gibson	McAdoo	Shipstead
Bridges	Gillette	McGill	Smathers
Brown, N. H.	Glass	McKellar	Smith
Bulkley	Green	McNary	Thomas, Utah
Bulow	Guffey	Maloney	Townsend
Burke	Hale	Miller	Truman
Byrd	Harrison	Minton	Tydings
Byrnes	Hatch	Murray	Vandenberg
Capper	Hayden	Neely	Van Nuys
Caraway	Herring	Norris	Wagner
Chavez	Hill	Nye	Walsh
Clark	Hitchcock	O'Mahoney	Wheeler
Connally	Holt	Overton	White

Mr. MINTON. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from Oregon [Mr. REAMES] are detained from the Senate because of illness.

The Senator from Nevada [Mr. McCARRAN] is absent because of a death in his family.

The Senator from Michigan [Mr. BROWN], the Senator from Illinois [Mr. LEWIS], the Senator from New Jersey [Mr. MILTON], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

Mr. NORRIS. I announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is detained from the Senate on public business.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

JOINT RESOLUTION REPORTED DURING RECESS

Under the authority of the order of the Senate of the 18th instant, Mr. ADAMS, from the Committee on Appropriations,

to which was referred the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, reported it on May 21, 1938, with amendments, and submitted a report (No. 1812) thereon.

ENROLLED BILL SIGNED DURING RECESS

Under authority of the order of the Senate of the 19th instant, the Vice President, on May 20, 1938, signed the enrolled bill (H. R. 8837) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1939, and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

REBUILDING OF SOIL FERTILITY—PHOSPHORUS DEPOSITS

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States and states to the Senate that the message has been read in the House, is in the RECORD, and has been made a public document. With the permission of the Senate, the Chair will have the message printed in the RECORD, without reading, and referred to the Committee on Agriculture and Forestry.

There being no objection, the message from the President of the United States was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

To the Congress of the United States:

The soil of the United States faces a continuing loss of its productive capacity.

That is a challenging statement. It would seem, therefore, to be the part of wisdom for the Government and the people of the United States to adopt every possible method to stop this loss and begin to rebuild soil fertility.

We give the name of "soil conservation" to the problem as a whole; and we are already active in our efforts to retard and prevent soil erosion, and by the more intelligent use of land to build up its crop, its pasturage, and its tree-producing capacity.

As a result of the studies and tests of modern science it has come to be recognized that phosphorus is a necessary element in human, in animal, and in plant nutrition. The phosphorus content of our land, following generations of cultivation, has greatly diminished. It needs replenishing. The necessity for wider use of phosphates and the conservation of our supplies of phosphates for future generations is, therefore, a matter of great public concern. We cannot place our agriculture upon a permanent basis unless we give it heed.

I cannot overemphasize the importance of phosphorus, not only to agriculture and soil conservation but also to the physical health and economic security of the people of the Nation. Many of our soil types are deficient in phosphorus, thus causing low yields and poor quality of crops and pastures.

Indeed, much of the present accelerated soil erosion in the United States has taken place, and is still taking place, on land that has either been abandoned or is ready to be abandoned because of a low productivity brought about by failure to maintain the fertilizing elements in the soil. In many cases the reclaiming of eroded land is largely a matter of stimulating plant growth such as legumes and grasses, but hand in hand with this we must also replenish the actual phosphorus content of the soil.

Recent estimates indicate that the removal of phosphorus from the soils of the United States by harvested crops, grazing, erosion, and leaching greatly exceeds the addition of phosphorus to the soil through the means of fertilizers, animal manures and bedding, rainfall, irrigation, and seeds.

It appears that even with a complete control of erosion, which obviously is impossible, a high level of productivity will not be maintained unless phosphorus is returned to the soil at a greater rate than is being done at present. Increases by the addition of phosphorus to the soil must be made largely, if not entirely, in the form of fertilizers which are derived principally from phosphate rock.

Therefore, the question of continuous and adequate supplies of phosphate rock directly concerns the national welfare.

The total known world supply of phosphate rock is estimated at 17.2 billion tons, of which 7.2 billion tons is located in the United States. Nearly all the remainder is controlled by Great Britain, France, and Russia. The supply in the United States is distributed as follows: Florida, 7.4 percent; Tennessee, 1.4 percent; Western States (Idaho, Montana, Utah, and Wyoming), 90.8 percent; and other States (Arkansas, Kentucky, South Carolina, and Virginia), 0.4 percent. The domestic production of phosphate rock amounted to 3,351,857 tons in 1936, drawn from Florida (78.3 percent), Tennessee (19.2 percent), and Idaho and Montana (2.5 percent). Exports of phosphate rock amounted to 1,208,951 tons, almost entirely from Florida, and consumption of phosphate rock for nonagricultural purposes totaled 352,275 tons.

Thus it appears that of the total domestic production of phosphate rock only 53 percent was used for domestic agricultural purposes.

Owing to their location in relation to the principal fertilizer-consuming districts, the Florida and Tennessee deposits, which contain less than 10 percent of the Nation's supply, are furnishing more than 97 percent of all the phosphate rock used for domestic agricultural purposes. Under present conditions, by far the greater portion of our phosphate requirements will continue to be drawn from the Florida and Tennessee deposits so long as these deposits last. When it is realized that the consumption of phosphatic fertilizer must be increased considerably if our soils are to be maintained reasonably near their present levels of fertility, which in many cases are far below the levels necessary for an efficient agriculture, it becomes apparent that the deposits of Florida and Tennessee will last but a comparatively short period.

It is hardly necessary to emphasize the desirability of conserving these deposits to the fullest extent for the benefit of agriculture in the East, the South, and a considerable portion of the Middle West.

At the same time serious attention should be given to the development of the western phosphate deposits in order that they may be made to serve economically the widest possible territory. It is evident that our main reliance for an adequate supply of phosphate must eventually be placed on our western deposits.

As of December 1, 1936, the Government owned 2,124,904 acres of proven and potential phosphate lands in Idaho, Montana, Utah, and Wyoming, and 66,916 acres in Florida. The Government owns no extensive areas of phosphate land in other States. Although an exact estimate of the tonnage of phosphate rock on Government land is not available, the quantity in the western reserve no doubt exceeds 5,000,000,000 tons. It appears that only a small portion of the Florida supply is on Government land.

I call your special attention to the interesting and valuable work of the Tennessee Valley Authority and the Department of Agriculture in devising new processes for treating phosphate rock and for using the new types of phosphate products. This work promises to make the great western deposits available to a large area of America.

These developments by themselves, however, will not lessen the drain on the comparatively small deposits in Tennessee and Florida because the methods of treatment can be used as well on these deposits as on those in the West. Inasmuch as the deposits in Tennessee and Florida are, and will continue to be, of vital importance to American agriculture, it is to the national interest that they be conserved to the fullest extent.

The disposition of our phosphate deposits should be regarded as a national concern. The situation appears to offer an opportunity for this Nation to exercise foresight in the use of a great national resource heretofore almost unknown in our plans for the development of the Nation.

I invite the especial attention of the Congress to the very large percentage of known phosphate rock which is on Gov-

ernment-owned land—probably three-quarters of the whole supply; and to the fact that the eastern supply, while in private ownership, is today being exported in such quantities that when and if it is wholly depleted, eastern farms will have to depend for their phosphate supply on the far western lands.

It is, therefore, high time for the Nation to adopt a national policy for the production and conservation of phosphates for the benefit of this and coming generations.

To the end that continuous and adequate supplies be insured, and that efficient forms of this key element, phosphorus, be available at the lowest cost throughout the country, I recommend that a joint committee of the Senate and of the House of Representatives be named to give study to the entire subject of phosphate resources, their use and service to American agriculture, and to make report to the next Congress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 20, 1938.

Mr. POPE. Mr. President, in connection with the President's message dealing with the subject of phosphates I ask consent to introduce a joint resolution for the appointment of a committee of the House and Senate as recommended by the President, and I ask that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. Without objection, the joint resolution will be received and referred as indicated.

The joint resolution (S. J. Res. 298) to create a joint congressional committee to investigate the adequacy and use of the phosphate resources of the United States was read twice by its title and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

DEPOSITS OF MINERALS IN PACIFIC NORTHWEST

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, reporting in response to Senate Resolution 243, agreed to March 1, 1938, a report on the best methods of ascertaining ways and means of utilizing deposits of minerals in the Pacific Northwest which are susceptible of reduction by electrometallurgical processes, which was referred to the Committee on Mines and Mining.

ACCOUNTS OF FORMER DISBURSING OFFICERS OF VETERANS' ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to allow credit in the accounts of certain former disbursing officers of the Veterans' Administration, and for other purposes, which, with the accompanying papers, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted at Baton Rouge, La., by the Louisiana Public Welfare Association, favoring amendment of the Social Security Act so as to provide for increased Federal participation in the funds granted to States for assistance to dependent children, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by Boards of Supervisors of Los Angeles County, Calif., Lake of the Woods County, Minn., and Skagit County, Wash., favoring the enactment of House bill 4199, providing for a maximum pension of \$200 monthly for all persons reaching 60 years of age who thereafter retire from gainful employment, which were referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition of faculty members of Princeton University and of the Institute for Advanced Study, of Princeton, N. J., praying the enactment of Senate Joint Resolution 288, repealing the joint resolution to prohibit the export of arms, ammunition, and implements of war from the United States to Spain, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted at Dallas, Tex., by Lodge No. 181 of the Switchmen's Union of North America and associated lodges and auxiliaries of Dallas and Fort Worth, Tex., favoring, in the event of any

national consolidation of railroads, that consideration be given by Congress and representatives of the railway industry to the status of the service and the junior men released as provided under all policies of seniority rules, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate the petition of Ralph Kaplan, of Brooklyn, N. Y., praying for the enactment of Senate bill 2475, to establish fair labor standards in employment, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at French Lick, Ind., by the governing and advisory boards of the Associated General Contractors of America protesting against proposed reductions in the amounts set aside for secondary roads and other Federal highway aid in the House bill 10140, to amend the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other poses, which was ordered to lie on the table.

He also laid before the Senate petitions of sundry citizens of the States of New Jersey, New York, and Washington praying for the enactment of the President's proposed recovery program, which were ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Port Commissioners of Oakland, Calif., protesting against the enactment of House bill 1668, to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was ordered to lie on the table.

Mr. VANDENBERG presented petitions of sundry citizens of the State of Michigan, praying for the repeal of the so-called Wagner Labor Relations Act, which were referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of the State of Michigan, praying for the immediate removal from China of all United States armed forces, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Detroit, Mich., praying for the enactment of legislation providing increased pay and other benefits for the personnel of the Regular Military Establishment, which was referred to the Committee on Military Affairs.

Mr. WALSH presented a resolution adopted by Local No. 441, Boston (Mass.) Federation of Teachers, protesting against a recent ruling limiting the annual cost per employee to \$1,000 on any project of the Works Progress Administration, which was referred to the Committee on Appropriations.

He also presented numerous letters in the nature of petitions from sundry employees of the post offices at Boston, Fitchburg, and Leominster, Mass., praying for the enactment of House bill 2690, granting annual and sick leave with pay to substitutes in the Postal Service, which were referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the eighteenth annual convention of the League of Women Voters of the State of Massachusetts, favoring the adoption of certain child-labor provisions in the enactment of Senate bill 2474, to establish fair labor standards in employment, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3405. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, examine, adjudicate, and render judgment on the claim of the legal representative of the estate of Rexford M. Smith (Rept. No. 1849);

S. 3797. A bill for the relief of C. G. Bretting Manufacturing Co. (Rept. No. 1813);

H. R. 7734. A bill conferring jurisdiction upon the United States District Court for the Southern District of Ohio to hear, determine, and render judgment upon the claim of A. L. Eldridge (Rept. No. 1814); and

H. R. 8376. A bill for the relief of James D. Larry, Sr. (Rept. No. 1815).

Mr. HUGHES also, from the Committee on Claims, to which was referred the bill (S. 2702) for the relief of James

A. Ellsworth, reported it with an amendment and submitted a report (No. 1816) thereon.

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2347. A bill for the relief of Drs. M. H. DePass and John E. Maines, Jr., and the Alachua County Hospital (Rept. No. 1817);

H. R. 4033. A bill for the relief of Antonio Masci (Rept. No. 1818);

H. R. 5904. A bill for the relief of L. P. McGown (Rept. No. 1819);

H. R. 5957. A bill for the relief of LeRoy W. Henry (Rept. No. 1820);

H. R. 6847. A bill for the relief of the Berkeley County Hospital and Dr. J. N. Walsh (Rept. No. 1821);

H. R. 7040. A bill for the relief of Forest Lykins (Rept. No. 1822);

H. R. 8543. A bill for the relief of Earl J. Lipscomb (Rept. No. 1823);

H. R. 8835. A bill for the relief of Fred H. Kocor (Rept. No. 1824);

H. R. 9199. A bill for the relief of Helen M. Krekler and the estate of Kemp Plummer (Rept. No. 1825);

H. R. 9201. A bill for the relief of the Federal Land Bank of Berkeley, Calif., and A. E. Colby (Rept. No. 1826); and

H. R. 9203. A bill for the relief of certain postmasters and certain contract employees who conducted postal stations (Rept. No. 1827).

Mr. BAILEY also, from the Committee on Claims, to which was referred the bill (S. 3817) for the relief of John Haslam, reported it with an amendment and submitted a report (No. 1828) thereon.

He also (for Mr. BROWN of Michigan), from the same committee, to which was referred the bill (H. R. 1252) for the relief of Ellen Kline, reported it without amendment and submitted a report (No. 1829) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 738. A bill for the relief of Asa C. Ketcham (Rept. No. 1830); and

S. 2412. An act for the relief of A. Pritzker & Sons, Inc. (Rept. No. 1831).

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 3971) for the relief of Frieda White, reported it without amendment and submitted a report (No. 1832) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 1737. A bill for the relief of Marie Frantzen McDonald (Rept. No. 1833);

H. R. 3313. A bill for the relief of William A. Fleek (Rept. No. 1834);

H. R. 4668. A bill for the relief of James Shimkunas (Rept. No. 1835); and

H. R. 6646. A bill for the relief of Dr. A. J. Cottrell (Rept. No. 1836).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (H. R. 4258) for the relief of Barbara Jean Matthews, a minor, reported it with an amendment and submitted a report (No. 1837) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bill and resolution, reported them each without amendment and submitted a report thereon as indicated:

S. 3225. A bill for the relief of Otto C. Asplund (Rept. No. 1838); and

S. Res. 270. Resolution referring to the Court of Claims the bill (S. 3869) for the relief of Ida F. Braun and others.

Mr. LOGAN also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 3251. A bill for the relief of Alice Minnick (Rept. No. 1839); and

S. 3682. A bill for the relief of Lofts & Son (Rept. No. 1840).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3958. A bill for the relief of Grant H. Pearson, G. W. Pearson, John C. Rumohr, and Wallace Anderson (Rept. No. 1841);

H. R. 1476. A bill for the relief of Mrs. W. E. Bouche (Rept. No. 1842);

H. R. 4304. A bill for the relief of Hugh O'Farrell and the estate of Thomas Gaffney (Rept. No. 1843); and

H. R. 6950. A bill for the relief of Andrew J. McGarraghy (Rept. No. 1844).

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3692. A bill to authorize and direct the Comptroller General of the United States to allow credit for all outstanding disallowances and suspensions in the accounts of the disbursing officers or agents of the Government for payments made to certain employees appointed by the United States Employees' Compensation Commission (Rept. No. 1845);

H. R. 7548. A bill for the relief of J. Lefe Davis and the estate of Mrs. J. Lefe Davis (Rept. No. 1846); and

H. R. 7639. A bill for the relief of Al D. Romine and Ann Romine (Rept. No. 1847).

Mr. GUFFEY, from the Committee on Finance, to which was referred the bill (H. R. 8665) to amend section 3336 of the Revised Statutes, as amended, pertaining to brewers' bonds, and for other purposes, reported it without amendment and submitted a report (No. 1851) thereon.

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the joint resolution (S. J. Res. 286) amending paragraph (4) of subsection (n) of section 12B of the Federal Reserve Act, as amended, reported it without amendment and submitted a report (No. 1852) thereon.

Mr. BANKHEAD, from the Committee on Banking and Currency, to which was referred the bill (H. R. 10530) to extend for 2 additional years the 3½-percent interest rate on certain Federal land-bank loans, and to provide for a 4-percent interest rate on Land Bank Commissioner's loans until July 1, 1940, reported it without amendment and submitted a report (No. 1853) thereon.

Mr. BILBO, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3706) to establish and promote the use of standard methods of grading cottonseed, to provide for the collection and dissemination of information on prices and grades of cottonseed and cottonseed products, and for other purposes, reported it with amendments and submitted a report (No. 1854) thereon.

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (S. 3048) authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site, reported it without amendment and submitted a report (No. 1855) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 7421. A bill for the relief of E. D. Frye (Rept. No. 1856); and

H. R. 8192. A bill for the relief of Herbert Joseph Dawson (Rept. No. 1857).

Mr. SHEPPARD, from the Committee on Commerce, to which was recommitted the bill (S. 3892) creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill., reported it with amendments and submitted a report (No. 1858) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (S. 3886) for the relief of Otis M. Culver, Samuel E. Abbey, and Joseph Reger, reported it with amendments and submitted a report (No. 1859) thereon.

He also, from the same committee, to which was referred the bill (S. 3513) to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only, reported it with an amendment and submitted a report (No. 1860) thereon.

Mr. CLARK, from the Committee on Finance, to which was referred the bill (S. 3600) to amend section 503 of the Revenue Act of 1936 so as to authorize the use of accounting and registering devices for paying or collecting certain revenue taxes, reported it with amendments and submitted a report (No. 1861) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (H. R. 10298) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, reported it with amendments and submitted a report (No. 1862) thereon.

INCREASE OF ALLOWANCE TO CERTAIN WAR VETERANS

Mr. GEORGE. From the Committee on Finance I report back favorably, without amendment, the bill (H. R. 8729) granting pensions and increase of pensions to needy war veterans, and I submit a report (No. 1850) thereon.

I give notice that at the earliest possible time I shall move to proceed with the consideration of this bill. It is a bill which increases the non-service-connected disability allowance from \$30 to \$40 per month.

The VICE PRESIDENT. Without objection, the report will be received and the bill placed on the calendar.

JOINT CONGRESSIONAL COMMITTEE ON THE TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES—REPORT OF THE COMMITTEE ON FINANCE

Mr. GEORGE (for Mr. BROWN of Michigan), from the Committee on Finance, to which was referred the concurrent resolution (S. Con. Res. 36) to establish a joint congressional committee on the taxation of governmental securities and salaries, reported it with an amendment and moved that the resolution be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the nomination of Max William Stern, of California, to be Director of Informational Service in the Social Security Board.

He also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Dr. Jack L. James, to be assistant surgeon in the United States Public Health Service, to take effect from date of oath; and

John E. Manning, of Newark, N. J., to be collector of internal revenue for the fifth district of New Jersey, in place of William H. Kelly, resigned.

Mr. BAILEY, from the Committee on Finance, reported favorably the nomination of John W. Hanes, of North Carolina, to be Assistant Secretary of the Treasury, to fill an existing vacancy.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of James B. Frazier, Jr., of Tennessee, to be United States attorney for the eastern district of Tennessee.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion in the Marine Corps.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion, and for appointment, by transfer, in the Regular Army.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 19, 1938, that committee presented to

the President of the United States the following enrolled bills and joint resolutions:

- S. 51. An act for the relief of the Fred G. Clark Co.;
- S. 750. An act to grant relief to persons erroneously convicted in courts of the United States;
- S. 842. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruitfly by the Department of Agriculture;
- S. 1242. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.;
- S. 1465. An act for the relief of Beryl M. McHam;
- S. 1700. An act for the relief of William A. Patterson, Albert E. Rust, Louis Pfeiffer; and John L. Nesbitt and Cora B. Geller, as executors under the will of James T. Bentley;
- S. 2257. An act for the relief of Helene Landesman;
- S. 2644. An act for the relief of Sherm Sletholm, Loneata Sletholm Lulu Yates, Madeline Yates, and the estate of Ella A. Morris;
- S. 2676. An act to amend the act approved August 24, 1935, entitled "An act to authorize the erection of a suitable memorial to Maj. Gen. George W. Goethals within the Canal Zone";
- S. 2966. An act authorizing the Comptroller General to settle and adjust the claim of H. W. Adelberger, Jr.;
- S. 2967. An act authorizing the Comptroller General to settle and adjust the claim of Tiffany Construction Co.;
- S. 3103. An act for the relief of the Comision Mixta Demarcadora de Limites Entre Colombia y Panama;
- S. 3149. An act authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Delaware River between points in the city of Port Jervis, Orange County, N. Y., and the borough of Matamoras, Pike County, Pa.;
- S. 3213. An act to amend the act entitled "An act authorizing the Oregon-Washington Board of Trustees to construct, maintain, and operate a toll bridge across the Columbia River at Astoria, Clatsop County, Oreg.," approved June 13, 1934, as amended;
- S. 3220. An act to authorize the Secretary of the Treasury to transfer the title and all other interests in the old tower clock from the Escambia County Courthouse Building, acquired by the Government by deed, to the Pensacola Historical Society of Pensacola, Escambia County, Fla.;
- S. 3290. An act to impose additional duties upon the United States Public Health Service in connection with the investigation and control of the venereal diseases;
- S. 3532. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;
- S. 3595. An act to authorize the purchase and distribution of products of the fishing industry;
- S. 3691. An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia;
- S. J. Res. 253. Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1940, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbitrator;
- S. J. Res. 284. Joint resolution to authorize an appropriation for the expenses of participation by the United States in the Third Pan American Highway Conference; and
- S. J. Res. 285. Joint resolution to authorize and request the President of the United States to invite the International Union of Geodesy and Geophysics to hold its seventh general assembly in the United States during the calendar year 1939, and to invite foreign governments to participate in that general assembly; and to authorize an appropriation to assist in meeting the expenses necessary for participation by the United States in the meeting.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

A bill (S. 4054) authorizing the naturalization of certain aliens; to the Committee on Immigration.

By Mr. COPELAND:

A bill (S. 4055) to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes; to the Committee on Commerce.

Mr. LEE. Mr. President, at this time I desire to reintroduce my bill having to do with the domestic allotment for cotton. If this bill had been enacted, we would not be asked at this time to appropriate so much money for relief under the pending appropriation bill.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

By Mr. LEE:

A bill (S. 4056) to amend the Agricultural Adjustment Act of 1938, as amended, to provide a domestic allotment plan with respect to the marketing of cotton; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Utah:

A bill (S. 4057) to amend the act entitled "An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the Expeditionary Forces, and for other purposes", approved June 28, 1935; to the Committee on Military Affairs.

By Mr. CLARK:

A bill (S. 4058) relating to the rank and retired pay of certain persons who have been awarded a Congressional Medal of Honor; to the Committee on Military Affairs.

By Mr. TYDINGS (by request):

A bill (S. 4059) governing the retired pay of a chief pharmacist's mate, United States Navy; to the Committee on Naval Affairs.

By Mr. MCGILL:

A bill (S. 4060) granting a pension to S. J. Claypool; to the Committee on Pensions.

By Mr. HATCH:

A bill (S. 4061) relating to funeral costs and transportation of bodies of certain deceased veterans; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4062) for the relief of Isaac Friedlander; to the Committee on Immigration.

By Mr. PEPPER:

A bill (S. 4063) to authorize the coinage of 50-cent pieces in commemoration of the commencement on March 2, 1937, of the historical restoration program at St. Augustine, Fla.; to the Committee on Banking and Currency.

(Mr. POPE introduced Senate Joint Resolution 298, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate and appears under a separate heading.)

By Mr. BAILEY:

A joint resolution (S. J. Res. 299) directing the Secretary of the Treasury, effective June 30, 1938, to cease buying silver other than newly mined domestic silver; to the Committee on Finance.

By Mr. O'MAHONEY:

A joint resolution (S. J. Res. 300) to create a temporary National Economic Committee; to the Committee on the Judiciary.

By Mr. COPELAND:

A joint resolution (S. J. Res. 301) to amend the Naturalization Act of June 29, 1906 (34 Stat. 596), as amended; to the Committee on Immigration.

CHANGE OF REFERENCE

On motion by Mr. GEORGE, the Committee on Finance was discharged from the further consideration of the bill (S. 1298)

granting an increase of pension to Charles Adkins, and it was referred to the Committee on Pensions.

RELIEF AND WORK RELIEF APPROPRIATIONS—AMENDMENTS

Mr. LODGE submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, which were ordered to lie on the table and to be printed.

CONSTRUCTION AND REHABILITATION AT MILITARY POSTS—AMENDMENTS

Mr. SHEPPARD submitted amendments intended to be proposed by him to the bill (S. 4000) to authorize appropriations for construction and rehabilitation at military posts, and for other purposes, which were ordered to lie on the table and to be printed.

PUBLIC WORKS ON RIVERS AND HARBORS—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 10618) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

PERMANENT BUREAU OF FINE ARTS—AMENDMENT

Mr. PEPPER submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3296) to provide for a permanent Bureau of Fine Arts, which was referred to the Committee on Education and Labor and ordered to be printed.

THE PRESIDENT'S RELIEF AND RECOVERY PROGRAM—ADDRESS BY SENATOR WAGNER

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD a radio address on the subject of the President's Relief and Recovery Program, delivered by Senator WAGNER on May 22, 1938, which appears in the Appendix.]

ADDRESS BY SENATOR MURRAY AT LOS ANGELES, CALIF.

[Mr. McADOO asked and obtained leave to have printed in the RECORD an address delivered by Senator MURRAY at the Shrine Auditorium, Los Angeles, Calif., on April 13, 1938, which appears in the Appendix.]

GOVERNMENT SPENDING—RADIO DEBATE BETWEEN SENATOR GREEN AND JAY FRANKLIN

[Mr. HUGHES asked and obtained leave to have printed in the RECORD a radio debate broadcast on May 19, 1938, between Senator GREEN and Jay Franklin on the subject A Government Spending Program, which appears in the Appendix.]

THE NATIONAL BITUMINOUS COAL COMMISSION AND UNEMPLOYMENT

[Mr. HOLT asked and obtained leave to have printed in the RECORD a letter written by him to an unemployed miner, which appears in the Appendix.]

THE SECURITIES AND EXCHANGE COMMISSION AND THE STOCK EXCHANGE—ADDRESS OF WILLIAM O. DOUGLAS

[Mr. MALONEY asked and obtained permission to have printed in the RECORD an address delivered by Chairman William O. Douglas of the Securities and Exchange Commission, on May 20, 1938, at a meeting of the Association of Stock Exchange Firms, at the Commodore Hotel, New York City, which appears in the Appendix.]

GOVERNMENT SPENDING AND CREDIT EXPANSION—STATEMENT BY JAMES H. ROGERS

[Mr. MALONEY asked and obtained leave to have printed in the RECORD a statement by James Harvey Rogers, Sterling professor of political economy at Yale, on the subject of the new program of Government spending and credit expansion of the Roosevelt administration, which appears in the Appendix.]

SYSTEMS OF ACCOUNTING—ADDRESS BY E. F. BARTELT

[Mr. LEE asked and obtained leave to have printed in the RECORD an address delivered by E. F. Bartelt, Commissioner

of Accounts and Deposits, United States Treasury Department, before the conference on municipal accounting and finance of the American Institute of Accountants, at the Stevens Hotel, Chicago, on March 28, 1938, and four letters pertaining thereto, which appear in the Appendix.]

FREEDOM OF THE PRESS—ADDRESS BY OLIVER B. LERCH

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an address delivered by Oliver B. Lerch before the Lions Club of Pottsville, Pa., on May 16, 1938, on Freedom of the Press, which appears in the Appendix.]

AUTOMOBILE FINANCE COMPANIES

[Mr. BORAH asked and obtained leave to have printed in the RECORD a letter from Fred L. Wright, of Yorkville, Ill., and an article from the Chicago Tribune, relative to certain automobile finance companies, which appear in the Appendix.]

IRONIC ECONOMY—EDITORIAL FROM THE WASHINGTON POST

[Mr. COPELAND asked and obtained leave to have printed in the RECORD an editorial, entitled "Irony Economy," published in the Washington Post of Friday, May 20, 1938, which appears in the Appendix.]

MISSTATEMENTS OF FACTS BY NEWSPAPERS

[Mr. MINTON asked and obtained leave to have printed in the RECORD an article from the Guild Reporter, of New York City, of today, entitled "An Open Letter to Senator MINTON," which appears in the Appendix.]

RELIEF AND WORK-RELIEF APPROPRIATIONS

Mr. ADAMS. I move that the Senate proceed to the consideration of House Joint Resolution 679, being the joint resolution making appropriations for work relief, relief, and so forth.

The VICE PRESIDENT. The question is on the motion of the Senator from Colorado.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, which had been reported from the Committee on Appropriations with amendments.

Mr. ADAMS. I ask unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Without objection, it is so ordered.

REGISTRATION OF CERTAIN VESSELS—PACIFIC CLIPPER SHIPS

Mr. JOHNSON of California. Mr. President, may I ask the Senator from Colorado if he will yield to allow me to present a measure in connection with which there is an emergency, which will take but a moment, and which I can present in 2 minutes' time?

Mr. ADAMS. I shall be very glad to yield.

Mr. JOHNSON of California. Mr. President, on last Thursday or Friday the House of Representatives passed a little bill relating to a certain steamer. It was essential because it related to the clipper ships that sail across the Pacific and the supplies necessary for those clipper ships at certain islands such as Guam, Midway, and the like. In acquiring a ship there was purchased a Canadian ship, and some difficulty arose as to whether it could leave the supplies that were essential for the clipper ships plying their voyages across the Pacific Ocean. In the House the bill was passed by unanimous consent, and I was authorized by the Committee on Commerce last Saturday to report the bill and to ask unanimous consent for its immediate consideration.

From the Committee on Commerce, therefore, I report back favorably with amendments the bill (S. 4049) to amend section 4132 of the Revised Statutes, as amended, and I submit a report (No. 1848) thereon. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 4049) to amend section 4132 of the Revised Statutes, as amended.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The amendments of the Committee on Commerce were, on page 1, line 4, after the word "amended", to strike out "(46 U. S. C. 11)" and insert "(U. S. C., 1934 ed., title 46, sec. 11)"; in line 9, after the word "prize", to insert a comma; in line 10, after the word "vessels", to insert a comma and "whether steam or sail"; on page 2, line 4, after the name "Guam", to strike out "and"; and in the same line, after the name "Tutuila", to strike out "or with any noncontiguous possession or Territory subject to the jurisdiction of the United States, to which the coastwise laws do not apply" and insert "Wake, Midway, and Kingman Reef", so as to make the bill read:

Be it enacted, etc., That the first sentence of section 4132 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 11), is hereby amended to read as follows:

"Vessels built within the United States and belonging wholly to citizens thereof, and vessels which may be captured in war by citizens of the United States and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States, and seagoing vessels, whether steam or sail, which have been certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo, wherever built, which are to engage only in trade with foreign countries, with the Philippine Islands, the Islands of Guam, Tutuila, Wake, Midway, and Kingman Reef, being wholly owned by citizens of the United States or corporations organized and chartered under the laws of the United States, or of any State thereof, the president and managing directors of which shall be citizens of the United States, and no others, may be registered as directed in this title."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSON of California subsequently said: Mr. President, a few moments ago I intended to ask for the consideration of House bill 10704. I want it perfectly clear that that was the bill to which I referred.

The PRESIDENT pro tempore. The bill to which the Senator refers had not come over from the House at the time the Senator called the matter up.

Mr. JOHNSON of California. The bill is here now, and I ask unanimous consent that the House bill may be considered in lieu of the Senate bill, and that it may have immediate consideration.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the bill (H. R. 10704) to amend section 4132 of the Revised Statutes, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first sentence of section 4132 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 11), is hereby amended to read as follows:

"Vessels built within the United States and belonging wholly to citizens thereof, and vessels which may be captured in war by citizens of the United States and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States; and seagoing vessels, whether steam or sail, which have been certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo, wherever built, which are to engage only in trade with foreign countries, with the Philippine Islands, the islands of Guam, Tutuila, Wake, Midway, and Kingman Reef, being wholly owned by citizens of the United States or corporations organized and chartered under the laws of the United States, or of any State thereof, the president and managing directors of which shall be citizens of the United States, and no others, may be registered as directed in this title."

Mr. McADOO. Mr. President, there was so much noise in the Senate Chamber that on this side we could not hear what the bill was. I should like to know what it is we are passing on.

Mr. JOHNSON of California. Mr. President, I may say to my colleague that the bill is one to relieve the situation so far as the Pan American Airways clipper ships are concerned in connection with facilities for refueling and restocking.

Mr. McADOO. I have no objection.

The PRESIDENT pro tempore. Without objection, the vote by which Senate bill 4049 was passed will be reconsidered, and the bill will be indefinitely postponed.

DEVELOPMENT AND REGULATION OF CIVIL AERONAUTICS

Mr. TRUMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Missouri?

Mr. ADAMS. I yield.

Mr. TRUMAN. I wish to ask the Senator from Colorado to yield to me for the purpose of making a preferential motion. I desire the Senate to concur in the House amendment to Senate bill 3045, which is now on the Vice President's desk.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3845) to create a Civil Aeronautics Authority and to promote the development and safety and to provide for the regulation of civil aeronautics.

The VICE PRESIDENT. The question is on concurring in the amendment of the House of Representatives.

Mr. McKELLAR. Mr. President, may we have some explanation of the matter?

Mr. TRUMAN. Yes; I will proceed with an explanation, if that is agreeable to the Senator from Colorado.

Mr. KING. Mr. President, will the Senator from Missouri yield for a question?

Mr. TRUMAN. Certainly.

Mr. KING. Does the Senator think he should take this matter up in the absence of the Senator from Nevada [Mr. McCARRAN]?

Mr. TRUMAN. I think it would be perfectly agreeable to the Senator from Nevada when the explanation is made.

Mr. KING. I understand the Senator from Nevada will return within a day or two, and it seems to me, in view of the fact that he has been greatly interested in the measure, that he should be present.

Mr. TRUMAN. I did not know the Senator from Nevada was going to be absent.

Mr. KING. The Senator from Nevada was called from the city because of a death in his family.

Mr. TRUMAN. I did not know that.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

Mr. TRUMAN. Certainly.

Mr. COPELAND. Mr. President, I would not think it conceivable, after the Senate had spent 3 days giving consideration to a bill with relation to civil aviation, that we should now concur in the House bill, which is the amendment to the Senate bill, when we have not at all considered the House bill in the Senate, and which materially differs from the Senate bill. It would be most inappropriate, in my opinion, to take any such action.

Mr. TRUMAN. Mr. President, will the Senator from Colorado yield to me further in order that I may make an explanation?

Mr. ADAMS. I yield.

Mr. TRUMAN. Mr. President, I am informed that the Senator from Nevada will not be back in the Senate for at least a week or 10 days. This is an emergency matter, for if the aviation authority proposed to be created is to be able to function it must be set up as soon as possible.

Mr. President, I do not believe that the slightest necessity exists for sending this civil aviation bill to a conference committee. It is true that the House amendment strikes out all of the Senate bill after the enacting clause and inserts an entirely new bill. The only reason that was done, however, was because of the fact that the House had already begun debate upon the bill sometime before it was passed by the Senate and did not, therefore, have an opportunity to make specific amendments to the Senate bill. The bills are in most respects identical.

I regret very much that the Senator from Nevada [Mr. McCARRAN] is not present today. However, for the benefit of those who may be reluctant to agree to the provisions of the House amendment in the Senator's absence, I may say

that the principal difference which exists between the House amendment and the bill as passed by the Senate relates to the organization of the new agency.

Senators will recall that the Senate adopted, over the strenuous objection of the Senator from Nevada, an amendment proposed by me which eliminated from the bill a provision restricting the President's power to remove members of the new agency. That action was taken by the Senate because of a constitutional question raised by the fact that the new agency will exercise many purely executive functions. The House likewise recognized this constitutional problem, but solved it in a somewhat different manner. Thus the House amendment contains a provision restricting the President's power to remove members of the authority. However, it vests in the members only the quasi-legislative and quasi-judicial functions prescribed in the bill. The executive functions are vested in an administrator who is to be appointed by the President and confirmed by the Senate, and to be subject to removal at will by the President.

With respect to that difference between the House amendment and the Senate bill, therefore, it is my opinion that the organization provisions of the House amendment meet the objections expressed here by the Senator from Nevada when my amendment to the Senate bill was under discussion.

It is essential that this proposed civil-aviation legislation be put into effect as speedily as possible. The nominations for the members of the new civil aeronautics authority must be made and confirmed by this House before adjournment if the making of temporary recess appointments is to be avoided. If the House amendment is disagreed to by the Senate, and the bill is sent to conference, the delay inherent in that procedure may make it virtually impossible, in the rush of adjournment, to secure confirmation of members of the new agency.

I feel that it would be extremely unfortunate if the civil aeronautics authority were operated until the next session of Congress upon what might be termed a temporary basis, by recess appointees. The primary purpose of this legislation is to establish a permanent policy of regulation and the administration of the act should be placed upon a permanent status at once.

I trust that the Senate will concur in the House amendment.

Mr. MCGILL. Mr. President, will the Senator from Colorado yield to me?

Mr. ADAMS. I yield to the Senator from Kansas.

Mr. MCGILL. When this measure was before the Senate an amendment was agreed to which placed certain proposed air lines to carry air mail in the same status that the air lines now carrying air mail would be in under the provisions of the bill.

It will be recalled that authorizations were made by Congress, appropriations were made, invitations for bids for approximately 10 or 12 extensions and new air lines to carry air mail have been submitted, and bids have been received. The Senate amendment put those extensions and those new air lines in exactly the same status that the existing air-mail lines are in at the present time, and would be in under the provisions of the bill. The House amendment does not do that.

Mr. TRUMAN. Mr. President, I differ with the Senator. I think the House amendment is broader than the Senate amendment.

Mr. MCGILL. I think I can readily demonstrate to those who are interested particularly in the new lines that the provision of the House bill does not place them in the same status in which they were placed by virtue of the provisions of the Senate bill. As I understand, the House provision is contained on page 7076 of the CONGRESSIONAL RECORD; and I invite the attention of the Senate, and especially of the chairman of the Senate Committee on Post Offices and Post Roads, the Senator from Tennessee [Mr. McKELLAR], to this provision:

The Authority shall issue a certificate or certificates, upon evidence of adequate and efficient service, to applicants who are operating in the transportation of mail under contracts with the

Postmaster General, and likewise to applicants whose bids on contracts for the transportation of mail by aircraft, based upon advertisements issued between April 1, 1938, and the effective date of this section, shall have been accepted by the Postmaster General, authorizing such applicants to transport mail and all other classes of traffic for which authorization is sought between the terminals and intermediate points covered by such contracts or such advertisements, as the case may be.

In other words, the House provision means that the advertisements shall be made and bids accepted by the Postmaster General between April 1 and the effective date of this section.

Mr. TRUMAN. Which is 60 days after the bill is signed.

Mr. MCGILL. Which is 60 days from the time the bill is approved. The Senate provision contained no such limitation. The Senate provision placed the proposed air lines in exactly the same status as the existing air lines carrying mail. This provision proposes to limit the authority to create the new air lines, and to require that they be approved in all respects by the Postmaster General within a period of 60 days from the time of the enactment of the measure. So I think there is quite a difference between the provision of the Senate bill and that of the House measure.

We are in this situation at the present time: In the cases of some of the proposed lines, bids have been received and rejected by reason of the fact that they did not conform to the statute, or they were held by the legal division of the Post Office Department not to conform to law. Therefore, the lines have been called upon to submit new and additional bids. That has been done. We do not know and cannot tell whether a legal bid will be made and accepted within 60 days after the effective date of this act.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from Nevada.

Mr. PITTMAN. I understood the junior Senator from Missouri [Mr. TRUMAN] to state that my colleague [Mr. McCARRAN] is absent, and probably will not be back for 8 or 10 days.

Mr. TRUMAN. That is what I was told. I did not know he was absent until I came to the Senate Chamber this morning.

Mr. PITTMAN. I took occasion to have his office communicated with just a few minutes ago, and his secretary stated that he is expected back tomorrow. In view of that fact—

Mr. TRUMAN. In that case I shall be most happy to wait until the junior Senator from Nevada returns.

Mr. PITTMAN. I have not finished my statement. I say, the junior Senator from Nevada is expected back tomorrow. I think, in view of the circumstances, it would be very unusual procedure and very discourteous to attempt to rush this measure through today.

Mr. TRUMAN. Mr. President—

Mr. PITTMAN. I also wish to say that I think it is very careless and improper legislative procedure to have brought before the Senate a House bill about which we know nothing on earth, a bill dealing with an extremely important subject, and to have someone who opposed in some particulars the bill presented by my colleague ask this body to vote to accept the House substitute, no one here knowing anything about it, and without giving it any consideration. If it were insisted on, there would be a debate which would make the request useless.

Mr. TRUMAN. Mr. President, I think the statement of the senior Senator from Nevada is entirely uncalled for. The motion was made before I knew that the junior Senator from Nevada [Mr. McCARRAN] was absent. When I found out that he would be back tomorrow, I stated that I was perfectly willing to withdraw the motion until his return. Nobody is trying to put anything at all over on the Senator from Nevada.

Mr. McKELLAR subsequently said: Mr. President, I desire to ask the Senator from Missouri a question about the matter which has just gone over.

On page 12 of the House amendment I note this language:

The members of the Authority may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

That provision is the same as one which appeared in the Senate committee bill, and which was stricken out by the Senate after quite an argument. Is that not correct?

Mr. TRUMAN. The Senator is correct.

Mr. McKELLAR. If we agree to the House amendment we will agree to restrict the power of the President over the members of the authority, just as was provided in the provision which was stricken out of the Senate committee bill.

Mr. TRUMAN. Yes. The House overcame the Senate objection by providing for the appointment of an administrator to handle all of the executive functions under the authority, the administrator to be removable at the behest of the President.

Mr. McKELLAR. When the proper time comes I certainly shall oppose restricting the President's power over the commission.

I wanted to make this statement at this time.

NATIONAL LABOR RELATIONS BOARD

Mr. WAGNER. Mr. President—

Mr. ADAMS. I yield to the Senator from New York.

Mr. WAGNER. In view of current discussion of the work of the National Labor Relations Board it will be of interest to have printed in the RECORD the latest report of the Board's operations.

Briefly, the cumulative record to May 1, 1938, is as follows:

The Board has handled 14,207 cases, involving more than three and one-half million workers. Almost three-fourths of the cases have been closed, 55 percent of these by agreement of the parties, 16 percent by dismissal of cases by the Board, and 24 percent by withdrawal of charges or petitions by the parties. Only 1 out of every 20 cases went to public hearing.

The Board has settled 1,173 strikes and has averted 556 immediately threatened strikes.

More than 1,200 elections have been held.

I ask that the full text of the Board's report be printed in the RECORD as part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

N. L. R. B. HANDLED 14,207 CASES TO MAY 1, 1938, INVOLVING 3,578,688 WORKERS

A cumulative operations report, issued today, shows the four ways in which the N. L. R. B., since its first case in October 1935, has disposed of 10,447 labor disputes involving 2,116,338 workers.

In terms of percentages the 10,447 cases were closed as follows: 55 percent by agreement of both parties; 16 percent dismissed by the Board; 24 percent were withdrawn by those who began the cases; 5 percent in some other way, mainly by Board decisions and certification of representatives after elections, or by compliance, by dismissal, or transfer to some other agencies.

Since 95 percent of the cases was closed informally, only 1 in every 20 cases was subject to a public hearing.

In terms of the 2,116,338 workers involved in Board closed cases these results show: 1,197,124 workers were parties to the agreement which closed the cases; 216,305 had their cases dismissed; 541,841 had their cases withdrawn; 161,068 were in cases formerly decided by the Board, transfer, etc.

While it does not appear in the cumulative report tabulations, it was pointed out that 60 percent of the closed cases involved charges of unfair labor practices and 40 percent involved employee representation issues. Of the 60 percent which involved unfair labor practices, 3,818 were cases closed by agreement, 1,399 dismissed, and 1,833 withdrawn. The total, 7,050, represents that many cases in which employers, under Board intervention, were relieved of a labor dispute, more than half of them through their compliance with the act and the others through having their cases dropped.

The Board's report follows:

A total of 14,207 cases has been handled by the Board since the fall of 1935. This figure includes action on charges of unfair labor practices and petitions for elections received by the Board and its 22 regional offices. The 14,207 cases involved 3,578,688 workers.

The data shows Board activities up to May 1, 1938. During April 827 new cases arose, involving 180,179 workers, as against 896 new cases during the previous month, involving 161,266 workers.

The Board announced that 10,447 of the cases handled, or almost three-fourths, have been closed, leaving 3,760 cases pending on May 1.

Of these 10,447 cases, 5,738, or 55 percent, were closed by agreement of both parties, involving 1,197,124 workers.

One thousand six hundred and fifty-nine, or 16 percent, involving 216,305 workers, were dismissed by the Board and regional directors.

Two thousand five hundred and twenty-three cases, or 24 percent, involving 541,841 workers, were withdrawn.

Five hundred and twenty-seven cases, or 5 percent, involving 161,068 workers, were closed in some other way, including compliance with the Board's decisions and trial examiners' intermediate reports, certifications after elections, refusal by Board to certify, intermediate reports finding no violation, transfer to other agencies, such as the Conciliation Service of the Department of Labor and State labor relations boards, and by the issuance of cease and desist orders.

Of the total cases closed, 1,548 were strike cases involving 275,140 workers, and of these 1,173, or about 76 percent, were settled, and 182,654 workers were reinstated after strikes and lock-outs.

Five hundred and fifty-six strikes, involving 144,718 workers, were averted through the Board's action.

An additional 9,461 workers were reinstated after discriminatory discharge.

There were 1,218 elections held in which 433,484 valid votes were cast.

An analysis of the causes of complaints shows that 4,477 of the total number of cases which came before the Board and its regional offices in the 31 months of its operations, concerned section 8, subdivision (3), of the act, which makes it an unfair labor practice to discriminate against workers because of their union affiliation or activities. In 3,158 cases the main cause of complaint was based on section 8, subdivision (5), of the act, the failure of the employer in good faith to bargain collectively with the representatives chosen by the employees to deal with the management. The Board has received up to May 1, 1938, a total of 4,499 petitions asking either certification of representatives or the holding of elections under Board supervision to determine the bargaining agencies of the employees. A total of 1,607,838 employees joined in these petitions.

The following shows the disposition of cases during April only: Charges and petitions for elections received, 827, involving 180,179 workers.

Cases closed during April, 595, involving 144,607 workers.

Agreement of both parties reached in 315 cases, representing over one-half the total cases closed during April, and involving 36,688 workers.

One case involving 65 workers was closed by compliance with the trial examiner's intermediate report.

Twenty-three cases involving 11,557 workers were closed by certification after elections.

Three cases involving 1,625 workers were transferred to other agencies, including transfers from one regional office to another.

Cases dismissed by the Board and regional directors, 103, involving 13,496 workers.

Cases withdrawn before formal action was taken, 149, involving 81,175 workers.

One case involving one worker was closed after issuance of intermediate report finding no violation of the act had occurred.

In 53 cases under consideration of the Board or its offices, 9,692 workers were out on strike, and 26 of these cases were settled during the month by agreements between the parties.

Thirteen threatened strikes, involving 2,480 workers, were averted through the Board's action.

Three thousand nine hundred and sixty-one workers were reinstated after strikes or lock-outs during April.

Two hundred and six workers were reinstated after discriminatory discharges.

Seventy-one elections were held in which 18,700 valid votes were cast.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 3949) to amend the Agricultural Adjustment Act of 1938, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7104) for the relief of the estate of F. Gray Griswold.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. CELLER, and Mr. GUYER were appointed managers on the part of the House at the conference.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 1486. An act to amend section 30 of the act of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes";

H. R. 9688. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky.;

H. R. 10193. An act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American republics and the Philippines, and for other purposes; and

H. R. 10535. An act to amend the Second Liberty Bond Act, as amended.

The message further announced that the House had agreed to the amendments of the Senate to the following bills of the House:

H. R. 7778. An act to amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900; and

H. R. 8700. An act relating to the retirement of the justices of the Supreme Court of the Territory of Hawaii and judges of the United States District Court for the Territory of Hawaii.

The message also announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 622) authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

The message further announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 678) making an additional appropriation for grants to States for unemployment compensation administration, Social Security Board, for the fiscal year ending June 30, 1938, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 10618. An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes;

H. R. 10704. An act to amend section 4132 of the Revised Statutes, as amended; and

H. J. Res. 655. Joint resolution amending paragraph (4) of subsection (n) of section 12B of the Federal Reserve Act, as amended.

HOUSE BILL AND JOINT RESOLUTION

The following bill and joint resolution were each read twice by their titles and referred or ordered to be placed on the calendar as indicated below:

H. R. 10618. An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes; to the Committee on Commerce.

H. J. Res. 655. Joint resolution amending paragraph (4) of subsection (n) of section 12B of the Federal Reserve Act, as amended; to the calendar.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

Mr. BARKLEY. Mr. President—

Mr. McNARY. I demand the regular order.

The PRESIDENT pro tempore. The regular order is the consideration of the first amendment of the committee, which will be stated.

The CHIEF CLERK. It is proposed to insert after the resolving clause, "This joint resolution may be cited as the 'Work Relief and Public Works Appropriation Act of 1938.'"

Mr. VANDENBERG. Mr. President, does the Senator from Colorado intend to make a general statement regarding the joint resolution?

Mr. ADAMS. I do, in connection with the first amendment. It seems appropriate in connection with that.

Mr. President, at the time the Emergency Relief Appropriation Act of 1937 was before the Senate, approximately a year ago, business conditions were improving rapidly. When Mr. Hopkins appeared before the Committee on Appropriations he told us that he was very hopeful that there would be a constant decline in unemployment and in relief necessities, as a result of which, following his views, the appropriation was made upon the basis of a declining relief load. For a time conditions followed the expectations, and the number of names upon the W. P. A. rolls dropped below 1,400,000, having been, during the high period of relief, over 3,000,000.

After the passage of the bill, later in the year, business conditions changed, unemployment increased, agricultural prices began to fall, stock prices fell, factories began to shut down, and a general economic decline came over the country.

It does not matter what may have been the cause of the decline; the determination of that question is not the function of those of us who are seeking to meet the relief problem. The relief problem has grown more acute in the land. Today there are 2,600,000 upon the rolls of the relief administration; there are 500,000 who have qualified, through the local relief agencies, and for whom funds are not available.

The result is that in the pending relief measure we are asked to appropriate more money per month than in the relief bill of a year ago. This bill as originally introduced, and as it passed the House, provided for an appropriation for the Works Progress Administration of \$1,250,000,000 for the relief purposes, with the usual designation of the character of the relief, and the character of projects to which applicable. That sum of money was estimated to cover the period of 7 months, not the ordinary period of a fiscal year, but 7 months. That was because of the impossibility of knowing in advance what might be the economic and relief conditions, so that the period was fixed to the 1st of February, which would give Congress a month after reconvening in January 1939, to adjust itself and to ascertain the requirements and make any appropriations then needed.

After considering the matter the committee decided that it would be wiser to extend the period to 8 months. As a result, the item of appropriations for this purpose was increased from a billion and a quarter to a billion four hundred and twenty-five million dollars, or an increase of \$175,000,000, not an increase per person during the period but an increase necessitated by the addition of another month to the relief period covered by the bill.

The figures of Mr. Hopkins as to relief show that individual relief cases cost the Works Progress Administration on an average throughout the United States \$63.50; that there is on an average contributed from States, municipalities, and sponsors \$18.50 per person, so that the aggregate relief cost is \$82 per person. These anticipations and this appropriation are based upon the continuation of that cost per person.

There are 2,600,000 now upon the rolls. There are 500,000 who are in need of going upon the rolls. According to the statement of Mr. Hopkins, the appropriations will provide means sufficient to raise the number to 2,800,000; and he says that when there is a decline of unemployment, which is anticipated through the harvest season and the fall, this number will cover practically all of those now certified and entitled to relief but who are unable to get upon the rolls.

Mr. President, I have stated the occasion for the first amendment, on page 2.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McNARY. How do the figures in the Senate bill compare with those which were carried last year in a similar measure?

Mr. ADAMS. The figures are practically the same per person. They are calculated upon the same basis per person. The figures are larger in the aggregate, because last year the relief load went down to 1,450,000 persons, and it was anticipated that the relief roll would drop at the end of the fiscal year practically to that point.

Mr. McNARY. So the sum expended last year and the sum proposed to be provided for this year are comparable sums?

Mr. ADAMS. That is correct.

Mr. McNARY. Then may I fairly assume that the appropriation that is carried in the joint resolution before us is presented on the assumption that the depression and the unemployment will continue during the fall and winter and spring?

Mr. ADAMS. The figures, I will say to the Senator from Oregon, inevitably contemplate, or at least make preparation for, a continuance of a heavy relief load until the 1st of March and make provision for it. Of course, no one knows what the conditions will be. Every one of us, regardless of the section from which we come, is hopeful that the relief load may go down; but the purpose of the committee, following the recommendations of Mr. Hopkins, was to make provision for 3,000,000 during the peak point in the winter.

Mr. McNARY. Mr. President, I am not criticizing. The whole foundation of this document is that the conditions now obtaining will continue for another year?

Mr. ADAMS. I do not want quite to concede that, for two reasons: In the first place, the appropriation is to be made for 8 months in the hope that conditions may then be improved. Again provision is made to care of that condition, if it exists, but not without hope that the condition may be better.

Mr. McNARY. Is it thought that the relief work provided in the pending measure will be under way early in the fall?

Mr. ADAMS. Of course, the Works Progress Administration part of it is now under way; that is, that work is continuous. The public-works section of the bill is section 2. It is hoped that that work may commence very promptly, some of it within 30 days, and some of it within 60 days. The committee, in discussing that matter with the Secretary of the Interior, inquired as to his ability to start the work promptly. He said to us that there were projects which could be started in 30 days and that there were some projects that could be started in 60 days, these being projects which had been surveyed, examined, and approved before this time. That is, they were on his rolls as approved projects, and he had made inquiry throughout the country to ascertain whether or not those projects were still available.

Mr. McNARY. It is the able Senator's hope, and that of the administration, that the activities under this joint resolution will be in full operation during the fall.

Mr. ADAMS. I will state to the Senator that I am not endeavoring to underwrite the provision. What is sought to be done is to make the best possible provision to meet the situation.

Mr. McNARY. I have no doubt about that. I want a little more direct answer from the Senator. It is the hope of the Senator, I assume, that the activities under the three titles of the joint resolution will be in full operation during the fall, is it not?

Mr. ADAMS. I think the Senator would join with me in that hope.

Mr. McNARY. I join with him in the hope with respect to title I only.

Mr. VANDENBERG. Mr. President, the problem which is presented in the joint resolution before the Senate involves, in my judgment, the most important issue before the country, because wrapped up in it not only are the humanities affecting the victims of depression but also wrapped up in it are the fate and destiny of the public credit of the United States.

At the very outset of the discussion I wish to take this opportunity to present in full the opposition's views and the opposition's program respecting this problem. I rise to argue what I profoundly believe to be the fatal and indefensible character of the pending relief bill, and to propose an alternative program which can provide more relief for less money, and which would treat the unemployed and other unfortunate with greater equity.

At the outset, Mr. President, I want to dismiss in a paragraph the political implications in the pending system, and the pending legislation's purpose to perpetuate these political implications. They are perfectly obvious in a record which discloses sharply increased relief rolls between June and November in the election years of 1934 and 1936, and the sharply decreased relief rolls between these same telltale months in the nonelection years of 1933, 1935, and 1937. One needs but to know that 1938 is another election year in order also to know what lies ahead in the pending prospectus.

Politics and relief are inseparably connected in any such system as that under which we operate. The famous Nationwide Gallup poll recently found 65 percent of the American people answering in the affirmative the question, "In your opinion, does politics play a part in the handling of relief in your locality?" I repeat that the answer of 2 out of 3 citizens was "yes."

Political scandal—rampant in many sections of the country—is inevitable under such a system, and it would make little difference under such a system what party was in power. The vice is inherent in the system. The high W. P. A. administrator may utter pious and entirely conscientious warnings that his largess must not be used to "prime the polls"; but in the same breath he finds it necessary to purge himself of any responsibility for what the "dumb politicians," as he calls them, may do in their practical relations with his relief customers. His disclaimer, in other words, is nothing more than a plea in avoidance.

It is a shocking shame that anybody, any time, anywhere should play politics with human misery. Yet it is inevitable, I repeat, in the system we are asked to perpetuate. This is the first great reason why the existing system is wrong, why it should be courageously changed, why a nonpolitical substitute should be devised.

Control of the purse, particularly when it distributes bread, is control of destiny. It is political control and political debauchery, no matter how earnestly its overlords profess to labor to the contrary.

With these few preliminary observations, Mr. President, I hope I may dismiss all political factors from my further discussion of this subject. I want to deal with it on the basis solely of sound economics and fair play. I want to treat a great national crisis—and that is precisely what is involved—on the basis of vital national considerations, which transcend politics, which enlist a common interest on both sides of the Senate aisle, and which involve not only the welfare of our 15,000,000 major victims of a new depression but also the very preservation of our institutions.

I want to treat this crisis unequivocally and undeniably on the basis, first, that no citizen shall go unhoused, unfed, or ill-clad; but, second, that these victims of depression shall be saved from such a collapse of the public credit that their sole reliance shall not fall and fail.

Title 1 of the pending joint resolution as it comes from the House directly appropriates \$1,529,425,000 and in addition carries forward certain unexpended balances for work relief and relief. This section may be called the W. P. A. section of the joint resolution. I propose, as a substitute, that a nonpartisan Federal commission shall allocate these same sums to nonpartisan relief commissions in each State in lump-sum Federal grants-in-aid, to be matched to the extent of at least 25 percent in each State; and that each State thereupon shall decide for itself where, when, and how it shall meet its own relief problem, and each State shall handle its own problem as may best suit its own knowledge of its own problem. This course will accomplish several indispensably desirable results.

I may say parenthetically in advance that the conclusions I submit in this respect are not my own alone. I shall demonstrate that they are sustained by the best social-service thought in America. The following is what we claim to be a summation of the advantages to be attained by the alternative method:

First. It will eliminate costly duplications and wastes in Federal overhead, which represents relief money that never

reaches our needy citizens. Thus automatically more actual relief can be bought for less money.

Second. It will eliminate divided responsibility for relief, part Federal and part State and local, which results in an insufferable, undemocratic discrimination as between citizens in equal need of relief. Thus it is calculated to terminate a prejudicial system which is now creating special privilege for a favored minority among our unfortunate and our unemployed.

Third. It will assist hard-pressed State and local units of government—many of which are at the fiscal breaking point—to deal equitably and dependably with all phases of relief, instead of being forced to deal doubtfully and inequitably with that portion of the load—often a major portion—which the existing Federal formula leaves exclusively on local shoulders.

Fourth. It will at least partially repel the sinister and empty notion that money from Washington is manna from heaven, which need not be husbanded like real money, raised by real taxes in the community where the money is spent. Thus it will serve to police the relief system by what may be called the "power of neighborhood opinion", the only possible restraint upon extravagance, exploitation, and waste.

Fifth. It will standardize relief expenditures so that we may frankly face the problem—too long ignored—of cutting our garment to our cloth.

I shall enlarge upon these propositions presently.

Title II of the pending joint resolution makes a direct appropriation of \$965,000,000 for what may be called "pump priming"—the creation of work projects for the purpose of distributing consumer buying power. I propose to eliminate title II entirely for the following general reasons:

First. Pump priming has been tried in fabulous doses between 1933 and 1938. It failed to produce stabilized prosperity. There is no reason to expect better results from a lesser dose today. We started in 1933 with 11,000,000 unemployed. We wind up in 1938 with probably 15,000,000 unemployed. We also wind up with \$20,000,000,000 more of national debt and most of our industrial reserves depleted or destroyed. Thus pump priming has less of a chance to succeed today than it had before, when it palpably failed. Indeed, it is no longer pump priming. It is now cistern priming; and nobody, living or dead, ever successfully primed a cistern.

Second. Pump priming actually defeats sound recovery—and thus actually postpones the real jobs which most relievers want. It defeats recovery by further jeopardizing the public credit; by trending toward a Federal deficit which, for the next fiscal year, is likely to pass \$5,000,000,000; by making any semblance of a balanced Budget impossible for years to come, thus undermining the public confidence, which every economist worthy of the name has declared to be prerequisite to recovery and reemployment.

Third. There is a need for larger consumer buying power. It is at the base of our recovery problem. But our lost consumer buying power is 20 times as great as the proposed pump priming will produce. The pump priming is only a drop in the bucket. The lost consumer buying power can be restored only by convalescent private business. We can obtain purchasing power only by obtaining more production in business as distinguished from Government. Pump priming discourages business, because pump priming is notoriously unsound. What hurts business hurts all of us.

Fourth. Pump priming creates yet another special-privilege group among the unfortunate and the unemployed. It aggravates the discriminations between citizens on relief. It leaves the majority of relievers at still greater relative disadvantage. It is, therefore, as undemocratic as it is unsound.

Fifth. Pump priming is at war with the general welfare, because it thrusts a final burden upon an empty Treasury, which can ill-afford the strain after 5 years of spending at a tempo which exceeded all the Federal expenditures for 129 years, from George Washington down to the armistice in

1918. I call just two witnesses to sustain this portion of the indictment.

The first is a voice from an honored tomb. The late Senator Joseph T. Robinson, long the Democratic leader in the Senate, said as long ago as May 11, 1932:

A balanced Budget is indispensable. We shall go further down into the depths unless expenses and receipts are brought together. The fear this will not be done nullifies every plan enacted or proposed.

My second witness is President Roosevelt himself, who stated in October 1932:

If in some crises the Government lives beyond its income for a year or two, it can usually borrow temporarily on reasonable terms. But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxation to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy.

Those are the President's words, not mine.

These statesmen were right 6 years ago. The intervening pump-priming years have proved them right. I still stand where they then stood. I reject the wishful inconsistency which deserts a great truth at the very moment of its vivid proof.

After the expenditure, all told, of almost \$40,000,000,000—pushing down what the President calls "the road to bankruptcy" in pursuit of the mirage of pump-priming prosperity—the industrial production for April of this year is estimated by the Federal Reserve Board to be 22 index points below the level reached in July 1933 and only 19 points above the level of July 1932, when the first depression hit bottom. Some of the expenditures for relief were inevitable, and are not to be criticized. But that is beside the present point. Much of the expenditure was for pump-priming purposes. Obviously, it has not worked. Yet we now are required to take the same old chance again—still pushing down the road to bankruptcy, still chasing the mirage.

I have previously referred to the Gallup poll as an index to American thinking. As recently as last April 17 the American people were asked this interesting question:

In your opinion, which will do more to get us out of the depression, increase Government spending for relief and public works or to help business by reducing taxes?

The answer of the American people was 21 percent for pump priming and 79 percent for reduced taxes. It was not a particularly intelligent question, because there is no chance to reduce taxes to any appreciable degree so long as the Federal Government spends twice as much as it takes in; but, interpreted liberally, it indicated a wholesome intelligent belief on the part of the American people that recovery in jobs depends far more on the success of private business, released to its own resources through a national suspension of governmental interference, than upon another lavish outpouring of funds at the expense of a heavily increased public debt. That was a sensible verdict. We have all the latent forces for a wholesome recuperation, if business could only acquire a bit of sustained and justified confidence in government. But, returning to the poll, 4 citizens out of 5 logically and appropriately turned thumbs down on pump priming. Their recent experience with this futile patent medicine was enough.

Then came a Presidential "fireside chat" and the majority, although still a substantial majority, dropped off. We are, indeed, a volatile people. But suppose the "fireside chat" had been consistent with the Presidential speech at Pittsburgh on October 19, 1932. Suppose it had still been clinging to elementary mathematics, the sort of simple arithmetic which figures out that the Government cannot spend two or three billion dollars without taking it out of the American taxpayers. Suppose the "fireside chat" had envisioned the entire new spending program which finally amounts to a total of some \$6,000,000,000, and which inevitably puts this amazingly heavy burden on the tax-paying backs that already groan beneath an already staggering load. Suppose the President had reiterated what he said at Pittsburgh that—

Taxes are paid in the sweat of every man who labors because they are a burden on production and are paid through production. If those taxes are excessive, they are reflected in idle factories, in

tax-sold farms, and in hordes of hungry people tramping the streets seeking jobs in vain. They pay in deductions from wages, in increased cost of what they buy, or, as now—

This is the President speaking—

or, as now, in broad unemployment throughout the land. There is not an unemployed man, there is not a struggling farmer whose interest in this subject is not direct and vital. It comes home to every one of us.

Now, suppose the President had said the same thing—

Mr. CONNALLY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Texas?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Of course, the President was speaking there of the burden of taxation, as I understand the Senator. Did or did not the Senator from Michigan vote for most of the appropriations that have been passed for relief and emergency purposes since March 1933?

Mr. VANDENBERG. I think the Senator has voted against every relief appropriation bill in the form in which it was submitted.

Mr. CONNALLY. The Senator from Michigan?

Mr. VANDENBERG. Yes.

Mr. CONNALLY. Then the Senator all the time, for 5 years, has been against relief to the needy and the unemployed?

Mr. VANDENBERG. No; and I decline to yield to the Senator for that sort of interruption, because it is neither pertinent nor fair nor just.

Mr. CONNALLY. I am asking the Senator a question.

Mr. VANDENBERG. It is fairly typical of the Senator from Texas, but it neither comports with the things I have already said before the Senator reached the floor nor with my own record.

Mr. CONNALLY. If the Senator will yield for just a moment—

Mr. VANDENBERG. I will yield for just a moment.

Mr. CONNALLY. I am sorry to have irritated the Senator.

Mr. VANDENBERG. The Senator from Michigan is always irritated to be misrepresented.

Mr. CONNALLY. The Senator from Texas has made no statement; he was asking a question, and if the astute and nimble Senator from Michigan cannot answer a simple question, then I refuse to bother with him. The Senator did not let me finish my question.

Mr. VANDENBERG. I heard enough of it to know what kind of question it was. [Laughter.]

Mr. CONNALLY. Oh, well. The Senator from Michigan said he voted against all the relief bills as presented. The Senator from Texas then wanted to ask him if he had not been against all relief measures as finally passed and as finally administered. Now he can answer that or not, if he wants to.

Mr. VANDENBERG. The Senator will answer it, but will continue to answer in his own way. He will not permit himself to be misrepresented by the Senator from Texas.

Mr. CONNALLY. The Senator from Texas—

Mr. VANDENBERG. I have the floor.

Mr. CONNALLY. Go ahead. I will answer the Senator when he gets through.

Mr. VANDENBERG. I am speaking in my own time.

Mr. CONNALLY. I shall have a little time; it does not all belong to the Senator from Michigan.

Mr. VANDENBERG. It does at the moment, and I think I can demonstrate that it does at the moment if the Senator wants to try it further.

Mr. BYRNES. Mr. President—

Mr. VANDENBERG. I yield to the Senator from South Carolina.

Mr. BYRNES. I think the Senator's recollection is in error about his attitude as to relief bills.

Mr. VANDENBERG. I may say to the Senator that I am thinking particularly of the \$4,800,000,000 relief measure, which I think typifies the bill I am discussing.

Mr. BYRNES. The Senator is correct; he did vote against that bill, but the Senator voted for the first bill in 1933 and

the Senator is also recorded as having voted for the last bill for the year ending June 1938.

Mr. VANDENBERG. The latter bill was the \$250,000,000 supplement?

Mr. BYRNES. That is correct. The first bill was the bill of 1933 for which the Senator voted; the Senator voted against the 1935 bill.

Mr. VANDENBERG. I thank the Senator for presenting the precise record, so that I do not have to speak from memory.

The \$4,880,000,000 was the one which completely typifies the problem which we again have before us. The first relief bill was our first attack on the problem and our first effort to deal with it in any way. I now recall that we were all perfectly willing to go along with it as an experiment. We learned a lot of things in the course of that year, and what I learned, so far as I am concerned, was reflected in that vote against the \$4,880,000,000 bill, not because I was voting against relief, not because I am not prepared to grant relief, as I shall clearly demonstrate, but because I am utterly and absolutely opposed to a discriminatory relief system which, under the existing bill, consigns two-thirds of those on relief to a mere pittance of a dole while it creates a special sort of privileged class among the unemployed to whom special privilege and special favor are granted. Those who want that sort of a system are welcome to embrace it. If opposing that sort of a system can be interpreted as opposing relief then I totally fail to understand the processes of logic.

Mr. President, before I was interrupted, I was discussing the response of the American people to the President's pump-priming appeal. I was suggesting that if the President had issued to the American people the same sort of statement he had previously made the response of the people to the Gallup poll might have been different.

Suppose the President had said the same thing, I repeat, in his "fireside chat" of April 1933 that he had said in his appeal for funds in October 1932—and that is the sentiment I have previously quoted from him at Pittsburgh—would not the majority against pump priming have increased to almost smothering proportions? In other words, if it had been frankly told the American people that there is not one penny that the Federal Government can get from anywhere on earth except from the pockets of the American taxpayer, and if it had been emphasized to them, Mr. President, 6 years ago that all taxes are finally paid in the sweat of the brow of labor itself—if that had been driven home to the American people, instead of permitting this new easy-money conviction to possess the minds of our people, that there is something eternal about these appropriations from Washington, something like manna from heaven that nobody has ever really to pay for, if the reality of the tax challenge, I repeat, had been presented to the American people, I wonder if it would not have still more increased the majority by which they spoke in this poll against pump priming?

Is what the President said any less true in 1938 than it was in 1932? It is not, and the interim has proved it.

Many petitioners ask me to "support the President." I do, as he spoke in 1932; but I cannot change fast enough to switch to his position in 1938. I still agree that—

There is not an unemployed man, there is not a struggling farmer, whose interest in this subject is not direct and vital.

I still agree that this measure finally makes for less jobs rather than for more—the President's philosophy, not mine. I still agree that it is not in the true permanent interest of the unemployed, and that is why I shall not support it. That is why I urge the alternative approach to this supremely vital subject of relief.

Pump priming means that we continue to borrow money, or to create it by manipulation, in an effort to spend ourselves into better times and to buy prosperity. It means bigger debts, bigger deficits, and bigger taxes, or else it means the utterly devastating alternatives of either inflation or repudiation. It means discouragement to private industry, which is our sole source of true recovery. It is a deterrent rather than a tonic to the confidence which we need

in the blood stream of our commerce. No matter how superficially and temporarily alluring, in the long run it is poison. It simply postpones the day when real recovery will produce real jobs. It creates more problems than it solves. It stops more jobs than it makes. Worst of all, it again postpones a candid, factual, and effective solution of the whole relief problem, which, for the sake of America, cannot much longer be met on the basis of pell-mell expediency.

I desire to quote at this point one significant sentence from an editorial in the Detroit News:

England rejected the pump-priming counsel of its Economist John Maynard Keynes—and recovered; * * * America has listened to this distinguished advocate of "managed economy"—and never has recovered.

Mr. President, the British experience necessarily is of significant importance to us, inasmuch as it seems to be rather generally conceded that we got our ultimate impulse and inspiration for pump priming from a visit which Mr. Keynes made to Washington in 1934.

A few days ago Sir Charles Morgan Webb, another distinguished British economist, was interviewed on the radio in New York on this general subject. I desire to read some of the questions and answers, as bearing solely upon the proposition that since we took a British precedent for pump priming in the first instance, we should be very much interested in exploring the British experience and the British conclusion respecting it. I refer to the radio interview with Sir Charles Morgan Webb a few nights ago. I quote from Sir Charles:

In order to get a clear picture, it is necessary to explain that the idea of spending for recovery did not originate with Mr. Keynes. The Labor Government first proposed it in England in 1931. And it caused such a wave of hostile public opinion that the Labor Government was compelled to resign. The Baldwin government charted its course and sailed in an entirely different direction. It recognized that permanent reemployment must depend on private enterprise, and that government-created work would undermine private enterprise.

Soon after this policy was laid down by the new government, the nations of the British Commonwealth met for conference in Ottawa, Canada. That was in the summer of 1932. After exhaustive study of the causes of the depression, a program for recovery was adopted. Since this program proved highly successful and immediately began bringing recovery, it has been adhered to ever since.

Then this question was asked of Sir Charles:

Did this program include heavy government spending?

Sir Charles' answer is as follows:

It did not. Monetary policy was the foundation of British Empire recovery. The report adopted at Ottawa stated that the conditions necessary for recovery must be achieved, not by inflationary public spending, but by an orderly monetary policy. This principle was reaffirmed 11 months later in the British Empire currency declaration of July 27, 1933.

All I * * * can say authoritatively—

Continuing the quotation from Sir Charles—

is what I have read in Mr. Keynes' last book, *The General Theory*. He now qualifies his advocacy of public spending. On page 120, he explains that the psychological result of government competition with private enterprise, through a public-works program, may affect confidence so seriously as to destroy the marginal efficiency of capital and retard private investment.

There, Mr. President, is the seasoned conclusion of the British economist who brought the theory of pump priming to America, who was largely responsible for creating an American hospitality to it, and who now finds not only that his own country has abandoned it to its advantage, but who himself, in black and white, is forced to concede the menace and the hazard in the precise thing which he recommended to us, which we undertook, and which, in the pending measure, we are asked to maintain and perpetuate.

Now, Mr. President, I desire to deal specifically with the problem of relief as it is needlessly and dangerously complicated through this dual method of handling it on Federal and State responsibility, collectively.

There are two definite and distinct types of relief at the present time, as everyone knows. The Federal Government assumes to create work for employables substantially at

Federal expense. State and local governments must take care of unemployables without Federal aid. Now let us see precisely what happens to our citizens, each equally entitled to equivalent treatment from the Government. Let the comparison rest between W. P. A. and its so-called work relief on the one hand, and local so-called direct relief on the other hand. I am using the figures submitted to the community mobilization, the annual Nation-wide gathering of local social workers from all over the country, held in Washington March 11, 1938. I ask Senators to observe these figures, because they represent the sum total of the insufferably discriminatory system which we are asked to perpetuate and maintain.

The average W. P. A. worker throughout the country receives \$53 per month per case, and they represent less than one-half of the relief load. The average local reliever throughout the country receives \$22 per month per case, and they represent more than one-half of the relief load. Stop here for a moment and frankly assess the contemplation. Here are two heads of families in the same American community, each equally the victim of depression, each equally entitled to help, each equally confronting the same need for food, shelter, and clothing. They live side by side. One gets \$53 per month. The other gets \$22 per month. Of course, these rates differ in different parts of the country. I deal in averages, but they are typical of the differential and the discrimination. One depression victim gets nearly 250 percent better treatment than the other. In other words, the Federal policy forces the creation of special privilege, a favored class, among depression's victims themselves.

Mr. LUNDEEN. Mr. President, will the able Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. LUNDEEN. Is it possible that politics may have something to do with the difference in the amounts of relief contributions?

Mr. VANDENBERG. I made some reference to the political implications before the able Senator from Minnesota came into the Chamber. Undoubtedly the answer is "Yes," but fundamentally, as I shall endeavor to demonstrate, this discrimination is bound to exist so long as there is an attempt in Washington to reach out into the Commonwealths and divide the victims of the depression into two classes, saying to one class, "You may have Federal support and aid," and to the other class, "You cannot have Federal support and aid." Whenever aid comes through Federal sources from Washington, this inevitable psychology of easy money is again at work, whereas when aid comes from local sources, where the citizen knows he has to pay taxes to foot the bill, there is a totally different psychology and a totally different vigilance with respect to the expenditures.

I am speaking about two citizens of equal right and equal necessity, who live side by side on the same street in an American community, to one of whom the Government says "You can have \$53 a month," to the other of whom the Government says, "You have to live on \$22 a month." It is an insufferable distortion of democracy. Furthermore, the Federal pretense that the system cares for all employables, and frankly recognizes in them, for some unaccountable reason, a special Federal responsibility, is a sham and a delusion. The acting W. P. A. Administrator tried to tell a Senate committee on January 4, 1938, that this agency was caring for all the able-bodied, needy unemployed. It has done, is doing, and will do no such thing. The President himself admitted, in his speech of March 11, 1938, to the Community Mobilization, that the national economy does not permit doing that in more than the great majority of cases. Thus the Federal policy creates a second specially privileged group inside the first supposed specially privileged group, because many of the employables unable to get W. P. A. assignments are on the \$22 average instead of the \$53 average.

I submit that there can be no defense for any such national policy on the part of the Federal Government. There can be no defense for a Federal policy which in effect tells one

citizen he may have \$53 a month because he is lucky enough—God save the mark—to get on W. P. A., and tells his neighbor that he must live on \$22 a month because he is unlucky enough to be an employable who has not been hired by W. P. A., or because he is an unemployable on so-called direct relief.

Yet these bitter discriminations are inevitably inherent in the dual Federal-State relief system which the Federal Government again insists, in the pending bill, upon still dictating to State and local relief authorities. Nor shall we ever escape these discriminations, this insufferable prejudice as between equivalent American citizens, until we unify the Federal formula on a basis of lump-sum grants in aid to the States, which shall then be authorized and required to handle their own relief problem as an integrated whole in each State.

If any State wants to continue these discriminations, let it be the State's responsibility to make this prejudicial decision. At least we can rid ourselves of Federal responsibility for these outrageous differentials between equally deserving citizens in what is still presumed to be a democracy.

Mr. President, I wish to insert a table in the RECORD at this point in my remarks. It was impossible to get a direct answer from Mr. Hopkins in connection with his testimony before the Senate Committee on Appropriations on this subject, so I have been forced to put this table together from figures submitted in the House hearings, first on page 12 of those hearings, and then on page 99.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

State	A Works Progress Adminis- tration employ- ment, week ending Mar. 26, 1938	B Cases of general relief month of February 1938
Grand total	2,394,856	
Continental United States	2,392,347	2,024,63
Alabama	36,185	1,930
Arizona	8,554	2,824
Arkansas	33,351	4,181
California	91,649	124,580
Colorado	27,171	15,200
Connecticut	21,310	23,600
Delaware	2,996	1,848
District of Columbia	7,900	2,539
Florida	31,241	7,904
Georgia	38,833	8,202
Idaho	11,426	3,300
Illinois	194,037	205,600
Indiana	84,408	75,000
Iowa	30,594	41,533
Kansas	35,612	19,511
Kentucky	48,285	7,000
Louisiana	31,120	7,152
Maine	7,314	14,910
Maryland	12,021	9,303
Massachusetts	97,708	85,010
Michigan	120,156	148,006
Minnesota	57,696	62,588
Mississippi	29,719	1,868
Missouri	85,215	57,943
Montana	18,144	7,781
Nebraska	28,202	11,120
Nevada	2,657	868
New Hampshire	8,285	10,264
New Jersey	78,036	84,800
New Mexico	9,858	2,278
New York City	151,788	344,000
New York (excluding New York City)	52,659	7,635
North Carolina	31,145	9,572
North Dakota	14,870	137,200
Ohio	196,168	33,500
Oklahoma	59,996	14,223
Oregon	16,365	238,487
Pennsylvania	217,156	12,000
Rhode Island	12,723	1,737
South Carolina	30,115	6,894
South Dakota	17,402	6,166
Tennessee	30,990	13,800
Texas	76,330	5,480
Utah	10,386	3,610
Vermont	5,101	16,742
Virginia	22,716	52,569
Washington	45,556	23,688
West Virginia	40,547	57,113
Wisconsin	64,390	2,172
Wyoming	4,592	

Mr. VANDENBERG. Mr. President, this table shows the number of relievers in each State who are on W. P. A., that is, the \$53 a month class; it also shows the number who are on direct local relief, that is, the \$22 class.

In my own State of Michigan, for example, the comparison shows that while 120,000 victims of the depression are enjoying the relatively greater benefits of Federal bounty, 148,000, by the very nature and force of the Federal purpose and formula, are required to live on the basis of \$22 a month, with utter discrimination against them as to their rights and their necessities.

Let us look at the statistics for the State of Minnesota, whose able Senator is doing me the honor of listening to me. In his State 57,696 relievers have the benefit of the higher rate, 52,588 relievers are forced by the sheer necessity of the formula itself to accept subsistence upon this very discriminatory basis.

Mr. LUNDEEN. The Senator seems to say, in other words, that there is no sane and sensible plan behind this thing, that it is just utter chaos.

Mr. VANDENBERG. There is a plan, Mr. President, but it is an unhappy plan, because it undertakes by Federal mandate to classify our people as to their right to look to the Federal Government for assistance under this amazing formula which has operated for 4 or 5 years and which we are now asked to perpetuate. I repeat, one citizen is told that he may look to Federal responsibility and as a result enjoy \$53 a month on the average, and his neighbor, for no reason other than that he may be unemployable, or is an employable who has failed to get a W. P. A. job, is told that he must live on \$22 a month.

The able Senator from Tennessee [Mr. BERRY] is sitting before me. The figures in his State show less discrimination, because the Federal Government is carrying a larger portion of the load in Tennessee. But in Tennessee 30,990 relievers are in the upper bracket, looking to the Federal Government for support, and getting it at an average of \$53 a month, while 13,800 are forced, on the other hand, to rely upon local resources which are able to deliver an average subsistence of only \$22 a month. I submit that so long as there is even one citizen who is equally the victim of a common depression against whom a discrimination lies as result of a Federal policy, the Federal policy is indefensible.

The figures in the table I have submitted will be found greatly illuminating by many Senators. The Senator from California will be interested in knowing that in his State the discrimination is particularly challenging, because while in California 91,649 families enjoy the higher benefit of Federal bounty, 124,580 families are forced by the very nature of the formula to live at the lower level of an average of \$22 a month, because dependent upon State and local resources.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LUNDEEN. What executive authority or commission is there which does this arbitrary classifying, relegating some people to one class, and elevating or endeavoring to elevate others into another class? It seems to me it is a dangerous authority.

Mr. VANDENBERG. I am unable to answer the Senator as to the original source of this formula, but it is a standard formula which has been adopted and applied for 3 or 4 years, speaking roughly, which accepts for the Federal Government relief responsibility for so-called employables, but declines all Federal responsibility for so-called unemployables. The point which I shall ultimately attempt to personify by the substitute which I shall offer is that, so far as the Federal Government is concerned, if it has any money for relief to send to the Senator's State of Minnesota, it should not undertake to say what Minnesota shall do with it. It should say to Minnesota, "Here is the Federal contribution to your sum total problem. It is your responsibility to choose the method of your relief and to be answerable for the integrity of its administration. If you want to create special classes among your own people, you can do it, but the Federal Government cannot and shall not do it."

Mr. LUNDEEN. Will the able Senator yield to me again?

Mr. VANDENBERG. I yield.

Mr. LUNDEEN. Probably in that event there would be less classification, or perhaps classifications would disappear, because neighbors would hesitate to classify their neighbors into various groups and classes. They would be more interested in justice in equality.

Mr. VANDENBERG. The Senator is completely correct; and what the Senator has said in a simple sentence is the best possible reason I know of why the substitute which is offered in the name of democracy as between suffering people should be adopted.

It has been suggested in the debate in the Senate that because I happen to oppose the particular form in which some of these relief bills have come in I have no interest in taking care of relief. On the contrary, I have such a deep interest in taking care of relief on a democratic basis that I want the formula to permit democracy to prevail when it comes to problems of mercy.

Mr. President, we may talk about the inequity of a dole, which is the simple word to describe direct relief; we may talk about the necessity for maintaining W. P. A. and work relief in order to keep self-respecting Americans off the dole; but the truth is that this Federal policy forces 60 percent of our depression victims onto the dole. Mr. President, you can call it something else if you want to, but that is precisely what is happening as the result of the character of legislation which we are again asked to pass this week in the Senate.

Mr. BONE. Mr. President—

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. BONE. How would the Senator have the relief administered in the States? What sort of machinery would the Senator suggest to be set up, and what difference would there be in the means used for the disposition of the money?

Mr. VANDENBERG. If the Senator will bear with me, I shall come to that point in a very short while.

Mr. BONE. I was not present when the Senator began his speech. Has the Senator suggested any amount of money for relief to take the place of the \$1,425,000,000 provided in the bill before us?

Mr. VANDENBERG. Oh, yes. The Senator from Michigan has suggested precisely the same sum which the President says he needs under his formula, because the Senator from Michigan believes that if that sum—I am referring to title I of the bill—were provided under the different formulae which I propose, it would buy so much more relief per dollar that title II would not be needed at all.

I repeat that the community mobilization was a meeting in Washington a month or two ago of the representatives of all the community chests and all the organized social workers of the country, called together at the instance of the President of the United States. While I cannot wholly agree with the conclusion of the community mobilization, as expressed by Mr. Charles P. Taft, I certainly can subscribe in the main to this observation, which I quote from Mr. Taft's recent Washington address:

We are asking for decent care for all those on relief, instead of the creation of a doubly underprivileged group representing about 60 percent of the load today who are left to local resources without Federal aid or supervision, and more than half of whom are employables. They are not distinguishable in any sound way from those who are on WPA. We propose an integrated program which through Federal supervision and grants will provide adequate care for all persons in need. We advocate a flexible national relief program, including work relief, sensitive to local needs and managed by local officials, but financed jointly by Federal, State, and local governments through a system of grants-in-aid based upon a stipulated formula.

Senators will observe as I proceed, and when I have offered the complete substitute, that the thing I am laying at the bar of the Senate, precisely as it was offered in the House a few weeks ago, is substantially a response to the recommendation of the community mobilization, which is to say, an answer to those who come from the grass roots of this depression

and who know at first hand what the local and State problem is and what ought to be done about it.

Mr. President, I am not arguing this proposition at the moment as a matter of economy. That is something else. I am arguing it as a matter of equity and fair play as between American citizens who are in distress. I am saying, "You have no right to peg one citizen at \$22 per month for relief and another citizen at \$53, and still another citizen at something substantially higher under P. W. A." I am saying that they are entitled to equal treatment, at least so far as their Federal Government is concerned. I am saying that a majority of them would be better off if all these Federal schemes were abandoned, and we were to make lump-sum grants-in-aid to the States, and if all relief clients were then treated alike. There would be more money to divide, because less of it would be diverted to the special-privileged minority, and less of it would be wasted on needless Federal overhead.

As to the former, I point out that the Ohio Chamber of Commerce, reporting upon careful statistical studies made in Akron, finds under date of April 25, 1938, that it costs four times as much to take care of a case under P. W. A., or similar agencies, as it does by so-called direct relief. I believe this is typical.

As to the latter, I point out that the overhead in W. P. A. alone is in excess of \$65,000,000 a year.

It seems to me that one conclusion is inevitable. There should be a frank abandonment of these Federal schemes, no matter how nobly they may be meditated, and the substitution of lump-sum Federal grants-in-aid, which will make it possible for the States to produce more relief for less money. In turn, if the States wish, it will be possible for them to level off these special privileges and these discriminations between their own citizens who are in distress.

Proponents of the pending measure like to argue that it is a mercy measure for the victims of the depression. On the contrary, it is a continuing ghastly blow to the welfare of a majority of the victims, because it continues to confine them to the lowest limit of direct relief. Nay, more, the local relief sources upon which the Federal policy and the pending measure force part of our employables and all of our unemployables to rely for relief are rapidly drying up, and the \$22-a-month average will slowly, surely, and painfully become less and ever less. Is that the humane way? I think not. This program flies false colors. The humane way is to acknowledge our errors, change our course, and produce an average better lot for all citizens to whom we owe relief.

I have quoted Mr. Taft and the community mobilization. I should like further to identify Mr. Taft as chairman of the National Citizens' Committee, raised by the President to deal with the Community Chest and kindred local and philanthropic problems.

I hasten to make it plain that my own argument goes further than Mr. Taft and his group went. They did not oppose W. P. A. as a work program. They said they believed W. P. A. had a good work program, but I am bound to attach special significance to this further quotation from the Taft speech:

I may say there are some of us who have some doubts about the work idea in connection with relief. As far as I am concerned that is not based on any desire to save taxes or to save the amount of money spent.

Then Mr. Taft indicated that his recommendation for basic change in the Federal formula was in the interest primarily of equity as between citizens, as I have previously quoted. He still includes work relief in his formula. My proposition is that on the basis of whatever resources of its own the State may feel able to add to the Federal grant-in-aid beyond a minimum requirement of 25 percent each State shall decide for itself upon what basis it shall provide and finance relief. We would not say that a State should abandon work relief. We would simply say that so far as the Federal Government is concerned it is our responsibility to deal with relief necessities as a whole; that we propose no longer to require discrimination as between citizens on relief; that our Federal relief appropriations must treat all citizens alike; that we

make our Federal lump-sum contribution on the basis of certain criteria to cover basic subsistence necessities; and that each State can then proceed with its own problem as it sees fit.

Once more, Mr. President, I return to Mr. Taft's interpretation of the attitude of the community mobilization, because certainly the testimony of the community mobilization is a vital challenge to all of us, since it represents the intimate experience of all our local communities in dealing with distress. What rational, sustained answer can be made to Mr. Taft when he says:

If the grant-in-aid is right for old-age pensions, if it is right for dependent children, if it is right for highways, if it is right for P. W. A., if it is right for health; if local administration, supervised by the Social Security Board, is right for unemployment compensation, they why in God's name isn't it right for relief? We have the Social Security Board supervising the standards for old-age pensions, for dependent children, and for blind relief. We have them supervising unemployment compensation. We have W. P. A. actually administering the whole program for the able-bodied unemployed and we have only the local communities that are handling the unemployable, theoretically.

Why? Why a privileged group that is getting \$53 a case a month and an underprivileged group that is getting \$22 a case a month? Why any differentiation? Why any privilege? Even if they are unemployable as compared to those who are employable, still why the difference? Why should the Federal Government say: "We are going to see to it that this group gets what we call a security wage"? In some States, Massachusetts, for instance, the average may be as high as \$70, compared to \$30 that they pay under direct relief. Why? Why should there be that kind of a differentiation between people who after all are all American citizens, are all just as much entitled to care? Why should we in the local communities be told: "You have got to take care of the unemployables. That is your job. You do that. We don't care what you do to them. Throw them out if you want. Don't pay any attention to them. Take the transients as fast as they come in on the train and fire them out on the train going the other direction. What do we care?"

There is no soundness in that—

Says Mr. Taft, speaking for the community mobilization. I submit he is on impregnable ground.

There is no soundness in that. What we need is a united approach to the whole problem.

Mr. President, the constructive program presented by the minority in the House was a united approach to the whole problem. The substitute which I am offering for the pending measure is a united approach to the whole problem. When substantially the same thing was proposed 1 year ago, one of the most distinguished spokesmen for the administration—Representative WOODRUM, of Virginia—while then opposing the idea, had this to say in the debates:

Undoubtedly the principle set out in this substitute has much merit. Perhaps sometime we will reach a situation in this relief business when we shall have to get down to the proposition of devising some permanent method of meeting relief. At the present time, however, we have not reached that point.

In other words, Mr. President, our proposed alternative is sound as a permanent policy, whenever the time comes when we reach the point when a permanent program is necessary. In all earnestness I inquire, Have we not now reached that point? Today, in spite of an utterly stupendous pump priming, we have as many unemployed as we had in the depths of the first depression. We have an even more acute relief challenge than at any time in any previous depression. Is it enough in such circumstances merely to cling to the formula which failed before, and which palpably was created solely for an emergency? Shall we fool ourselves into believing that the same pump priming which previously failed to save us from devising a permanent relief policy will save us now? Such a theory simply does not make sense.

Mr. LUNDEEN. Mr. President—

Mr. VANDENBERG. I yield to the able Senator from Minnesota.

Mr. LUNDEEN. It seems to me that the measures we are adopting are mere stopgaps. Some of us have voted for all of them, and some of us for part of them. However, it seems to me that these pending measures offer no permanent solution or remedy for the present depression or panic. This is merely a stopgap, or whatever one may

choose to call it. When the money is expended we shall find ourselves exactly where we are now, except that we shall be loaded with bonds and debt, and interest; more misery and more poverty; more hunger and more destitution.

Mr. VANDENBERG. I do not see how any Senator can escape the realistic reasoning of the able Senator from Minnesota. History is the best teacher we have; and our history during the past 6 years permits no conclusion other than the one which the Senator from Minnesota has just announced, and in which I completely concur.

Mr. BONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Washington.

Mr. BONE. What does the present colloquy imply in the way of social and economic changes in the country? If, under the formula of the Harding, Coolidge, and Hoover administrations, the country wound up with 15,000,000 unemployed, and the so-called relief measures are ineffective, what is implicit in such a picture? What does the situation suggest in the way of necessary economic and social changes in our set-up?

Mr. VANDENBERG. Mr. President, it may suggest a great many necessary changes in our social and economic picture.

Mr. BONE. Is it not a fair assumption—

Mr. VANDENBERG. If the Senator will permit me to finish the thought I had in mind, I suggest to him that if we confine ourselves for today to the utterly enormous relief problem, which is definitely and specifically a problem unto itself, I think we shall probably cover as much ground as any of us could hope to cover in one discussion.

There is great reason in the suggestion submitted by the Senator from Washington. Of course there is no answer to the economic condition of the country in any relief measure. We cannot cure the relief problem by a relief measure.

Mr. BONE. How would the Senator cure it?

Mr. VANDENBERG. If the Senator will permit me to continue. If there is economic necessity for complete reorganization in order to encourage the hope that we shall not have additional depressions, well and good; but the pending measure is solely for the purpose of taking care of the victims of an existing depression, in the hope that before the money is gone something else will have produced employment under private auspices.

Mr. BONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I will yield in just a moment, if the Senator can curb his impatience for one additional sentence.

Mr. BONE. I am the soul of patience.

Mr. VANDENBERG. The trouble is that the joint resolution not only will fail equitably to do the things which I have described, but, if the experience of the past 5 years is any criterion, it will also so thoroughly discourage the ordinary processes of economic recovery that when the money is gone, as the Senator from Minnesota indicated a few moments ago, we shall be right back where we are today—right back where we started in 1933—and all we shall have to show for our experience will be another enormous addition to the public debt.

I now yield to the Senator from Washington.

Mr. BONE. The Senator from Michigan has referred to the possibility or the necessity of reorganization as a possible objective to be attained. What sort of reorganization has the Senator in mind? Certainly there is nothing in the experience of the last 3 years of the Hoover administration to suggest the desirability of going back to that form of operation. What security is there in the picture for the average American?

If Mr. Hoover and his philosophy and formulae were unable to provide security, and if present-day operations are unable to provide it, where, then, is security to be found? Where is safety to be found under our system if all the formulae seem to break down when they are put to the test?

I admit that perhaps the Senator may conclude that I am going afield, but I am not going afield in such a vital matter.

It is conceded by some Senators that the formulae of the past are not working. What, then, is the answer? Why should we continue to walk away from the answers, if there be answers, merely because they do not strike a pleasant note in this Chamber?

Mr. VANDENBERG. For the past torturing 7 months in Congress we have been dealing with attempts to answer some of the questions which the Senator raises. At the moment we are only trying to take care of the victims thrown up by our failure thus far to find the answers the Senator seeks.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Minnesota.

Mr. LUNDEEN. I am much interested, as we all are, in the able discussion of the distinguished Senator from Michigan. I should like to say that I was elected by the Farmer-Labor Party of Minnesota. This is not the time to put forward our program. However, I should like to have the indulgence of the Senate at some time to present that program, which I think is fundamental. I think we shall never solve such problems until we get down to fundamentals. I think the Senator from Michigan is making a valuable contribution to the discussion.

Mr. VANDENBERG. I thank the Senator.

Mr. President, I venture the belief that no Senator would assert that we could indefinitely meet recurring crises, such as the one we face today, on the basis of made work.

There will not be enough work to be made indefinitely, and there would not be a public credit to stand the strain even if there were enough work to be made. We have reached the point now when we dare no longer blink these facts, particularly in the presence of the contemporary testimony of Relief Administrator Hopkins that the Federal Government will be in the relief business permanently.

When Great Britain, with a far longer and more intimate experience with this problem than our own, realized that she faced a permanent problem she shifted from work-making schemes to direct relief. I am not asking that we take this step by Federal mandate, but I am asserting again and again that we have reached a point where the relief challenge is sufficiently permanent—and it is rendered still more permanent by the discouragement of sound economic recovery inherent in this renewed pump-priming proposal—we have reached the point where the relief challenge is sufficiently acute so that as a Federal Government we dare not longer ignore the need for a new formula which will do justice not only to the public credit but also to the great majority of our citizens on relief against whom the existing system is a gross and insufferable discrimination.

Now, Mr. President, let me turn to another wholly non-partisan authority for substantial approval of the need for a new and different formula. I refer to the group of municipal research directors, 18 of them, from Boston to Los Angeles and from St. Paul to New Orleans, who presented a desperately important memorandum to the unemployment investigating committee headed by the Senator from South Carolina [Mr. BYRNES] a few weeks ago. Their credentials are unimpeachable. Without reading their names, I ask that the list of the 18 representatives of 18 leading cities of the United States be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the list will be printed in the RECORD.

The list referred to is as follows:

Carl P. Herbert, St. Paul Bureau of Municipal Research.
Carter W. Atkins, Governmental Research Institute, St. Louis.
Lent D. Upson, Detroit Bureau of Governmental Research.
Robert M. Goodrich, Providence Governmental Research Bureau.
H. P. Ellis, Toledo Commission of Publicity and Efficiency.
W. Earl Weller, Rochester Bureau of Municipal Research.
Mayo Fesler, Citizens League of Cleveland.
Corbett Long, Civic Research Institute of Kansas City.
William C. Beyer, Philadelphia Bureau of Municipal Research.
Merle W. DeWees, Duluth Governmental Research Bureau.
Abbett Pulliam, Schenectady Bureau of Municipal Research.
D. Benton Biser, Baltimore Commission on Governmental Efficiency and Economy.
James O. Stevenson, Los Angeles Bureau of Municipal Research.
Herman C. Loeffler, Boston Bureau of Municipal Research.

Norman MacDonald, Massachusetts Federation of Taxpayers Associations.

S. S. Sheppard, Bureau of Governmental Research of New Orleans.

Sidney Detmers, Buffalo Municipal Research Bureau.

J. Calvin Skinner, Cincinnati Bureau of Governmental Research.

Mr. VANDENBERG. The first vitally significant thing emphasized by these technicians is that although—

The years 1936 and early 1937 were good years, economically speaking, yet the cost of relief nationally did not appreciably abate.

In its implication, Mr. President, that is a shocking fact to anyone who is willing realistically to face the problem of our rapidly exhausting sources of tax revenue, and no one should be more eager to face it realistically than the relievers themselves, because the maintenance of the public credit is all that stands between them and destitution.

Take a few typical examples. The total ascertainable cost of welfare activities in the good year of 1936 in Boston was \$40,000,000, as compared with a total Boston tax collection on real and personal property of \$60,000,000. Boston itself, of course, did not pay all these bills. That, however, is not the point. The point is to find a yardstick by which to visualize the extent of the relief and welfare burden today. I submit that these municipal research directors have found that yardstick. In Boston the relief and welfare load was equivalent to two-thirds of all the local tax resources for the good year of 1936.

In Cincinnati—listen to this, Senators—the relief and welfare expenditures in the good year of 1936 were equivalent to 118 percent of all the local tax resources for that year. In Indianapolis they were equivalent to 70 percent; in Milwaukee to 90 percent; in San Francisco to 77 percent; in St. Louis to 75 percent; and in St. Paul to 100 percent.

These figures would be utterly serious, Mr. President, if they represented a peak from which we were receding, but they are not the peak; the figures are for the comparatively good year, I repeat, of 1936. The load is infinitely greater today. It will be still greater tomorrow.

In the face of such exhibits, are we justified in blindly pursuing the same old formula; shall we, speaking for the Federal Government, take the responsibility for continuing the same old course as is the purport of the pending bill? I submit that it is fair neither to those who still struggle to pay taxes nor to the relievers themselves, particularly to the latter, because they will be the first to suffer when "the well runs dry." I submit that it is not fair to American institutions to put them in such jeopardy. I submit that it is particularly cruel for the Congress to mislead the people to believe that the Federal Government itself can much longer stand the strain.

But let me return to the municipal research group and its testimony before the committee, headed by the able Senator from South Carolina. Of course, it reports the same indefensible discriminations between citizens on relief to which I have already adverted. I am not talking about discriminations due to politics; that is something else. I am not talking about discriminations due to manipulation and exploitation; that is something else. I am talking about the inevitable, deliberate, preordained discriminations inherent in this dual relief system under which we operate, and which we again propose to perpetuate in the pending measure.

Again, let me give just a few typical examples: In Boston, while 23,000 W. P. A. families lived on \$856 a year average, 22,000 direct-relief families, entitled to the same rights and presumably confronting the same need, lived on \$367 a year average. In St. Louis, 17,000 W. P. A. families lived on \$852 a year, while 40,000 direct-relief families lived on \$389 a year. This joint resolution and this system may be welcomed by the 17,000, but a change such as I have suggested certainly would be welcomed by the 40,000.

In San Francisco, 18,000 W. P. A. families got \$800, while 33,700 direct-relief families got \$431.

While these parallels are not wholly exact, because of overlapping years, yet the comparisons are typical, and they again indict the present American relief system, perpetuated by the

pending bill, as cruel, unfair, and undemocratic in the treatment of a national majority of citizens in distress.

But, again coming back to the report of these municipal research directors—and it is not pleasant reading, but neither is the plight of the victims of this new depression, nor is the national prospectus unless without much more delay we shall face facts and put first things first—I read, Mr. President, from the dreadfully challenging statement submitted by these municipal research directors to the committee headed by the able Senator from South Carolina.

The continuing high level of relief costs not only in the cities enumerated, but undoubtedly in most others, causes us to face the stark reality that the temporarily painless method of financing relief so largely on a basis of emergency borrowing is certain to produce calamitous financial repercussions in our American cities at no remote future. Our interest is in maintaining the solvency of the local governments so that those in need may be taken care of in the future and the normal services of municipalities may be carried on without impairment. To that end a planned, definite, national relief policy, covering not only State but local phases, is vital. We must recognize that relief is a permanent problem, instead of following the hand-to-mouth policy, now in effect. The local units upon which the impact of relief rests now do not know for any fiscal period ahead whence the money is coming to meet this enormous cost. It is imperative that some scheme of relief be adopted—that is, (1) a planned program, (2) is financed out of current revenues, and (3) is within the abilities of the various units of government to support on a current basis.

The full impact of the relief cost then has not yet been felt. It cannot, however, be indefinitely postponed. It is the course of wisdom and true humanitarianism—

And I desire to emphasize this challenge from these municipal research directors—

It is the course of wisdom and true humanitarianism to take bearings that may be followed without disaster to all, which includes those whom we mean to assist.

In other words, Mr. President, when I am speaking against this bill and in favor of the substitute, I am not speaking against relief; I am not speaking against the human needs of suffering thousands; I am proposing the same amount of money that the President in his bill proposes, and I am simply proposing a realistic, rationalized formula which has the support of the social workers of America, which undertakes to do away with existing discriminations, and to do justice as between citizens of the United States who are in trouble. I am seeking solely to do what the municipal research directors of the country ask Congress to do when they assert that it is the course of wisdom and true humanitarianism to take bearings that may be followed without disaster to all.

I continue to quote briefly from the municipal research testimony which I was reading:

The cost of relief has been obscured from the average citizen partly because the cost has been deferred in many instances through borrowing, and partly because of the mistaken impression that the cost of relief is not a burden upon a local community when the money comes from Washington.

Of course, that is the old hallucination, that is the old mirage, that is the old Santa Claus idea—money from Washington; easy money, nobody ever has to pay it; we get it by manipulation, or magic, or legerdemain, or something.

The people of this country—

Continues this report—

must come to a realization that the cost of relief is eventually met out of the earnings of all the people who work and produce.

It is concluded—

Say these experts—

that an ideal system of relief would be one in which the local communities, or the communities aided by the States, would assume responsibility for financing and administering relief under reasonable minimum standards established on the basis of State and local economy. Such a program, however, is impossible of immediate adoption. It is possible, however, to devise a permanent planned policy of relief which recognizes that—

(1) Relief can no longer be approached as a temporary emergency. (2) —

And I emphasize it—

(2) That relief should be managed on a local basis, and under circumstances that provide incentives to efficient and economical administration; and

(3) That the total of relief costs must be within the limits of available public revenues, or of revenues that can be made available when the States and localities recognize and assume these responsibilities.

Mr. President, what are the direct recommendations of these experts, these men who are living close to the grass roots of this relief problem? Their recommendations, as submitted to the committee headed by the able Senator from South Carolina [Mr. BYRNES], are significantly similar to those of the community mobilization. They are much the same general character of recommendations which come from every nonpolitical analyst, and they are precisely the basis of the substitute which I am respectfully offering for this joint resolution. In other words, the substitute is not born of my conception of the problem. It has for its credentials the meaningful support of the community mobilization of this Nation, of the municipal researchers of this Nation, and of most of the analysts who have dealt with the problem.

What are these final recommendations from the municipal researchers?—

With a view to emphasizing local responsibility for relief, it is urged that allocation of all Federal funds to State and local units be made on a strictly matching basis, the local or State participation to be sufficiently large to provide an emphatic interest in economy.

(2) The determination of whether relief be on a direct or work-relief basis be left entirely to the State and local government.

(3) Federal aid should be granted to States only when the State and local administration is on an efficiency basis, and the smallest units of administration are the counties, larger cities, or administrative districts of comparable significance.

(4) Federal aid should be granted on a sufficiently long-term basis so that local governments can enact complete 12-month municipal budgets in advance of each fiscal year.

That in essence, Mr. President, is the program which I offer in this substitute for the new W. P. A. pump-priming measure.

I have no illusions as to what will happen to it at the moment. The same things will happen here that happened in the House. But neither have I any doubts whatever that the time will come when this sort of a relief formula, in some paraphrase, will be adopted. There is no other way if America shall conquer its own Frankenstein.

The President himself said, in his own pump-priming message last April 14:

I want to make it clear that we do not believe that we can get an adequate rise in national income merely by investing, lending, or spending public funds. It is essential in our economy that private funds be put to work.

But this is not a program to put private funds to work. It is the exact opposite. No wonder that even so friendly a newspaper as the New York Times has added an editorial epitaph completely concurring in what I have said—an editorial which I ask to have printed in the Record at this point without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

The trouble with business in the United States today is not that the Government has failed to spend enough money. No other peacetime Government in the country's history has ever spent remotely as much money as the Roosevelt administration. If Government spending were a sure prescription for prosperity the country would now be enjoying such a boom as it has never known. The trouble is not a lack of Government spending. It is a lack of private spending. And private spending has contracted because confidence is low; and confidence is low for one important reason, because Government policies have depressed it—such policies as a constant forcing up of the cost of producing goods, taxation so high as to reach the point of diminishing returns, Government competition with private industry which has accomplished little in itself but successfully discouraged long-term capital investment, the enactment of laws which have forced the distribution of corporate reserves, and the willingness of the administration to sanction appeals to class prejudice on the part of some of its officials.

The way to promote the recovery of business in this country is not to try the doubtful expedient of attempting to gloss over such factors as these by a new experiment with Government pump priming, but to correct the conditions which are at bottom responsible for a loss of confidence. The pump can be primed with private funds if the administration will encourage private

capital to do the job. That method of pump priming has definite advantages over any program of large-scale spending which the Government could possibly undertake. It costs nothing to the taxpayer, adds nothing to the national debt and has a more lasting effect upon the business of the country.

To approve the President's new spending program now, and to ignore meantime the fundamental factors of the present situation, would be to invite one or the other of two results:

Either the frightening away from investment of private capital many times as large as any conceivable amount of capital which the Government can possibly pour in, or another temporary "inflationary" boom which will merely intensify the difficulties which will have to be met ultimately on the inevitable day of reckoning.

Mr. VANDENBERG. Mr. President, I am now about to conclude.

I repeat that I have no illusions as to the present reception which awaits this substitute proposal. It will be plowed under, precisely as its kindred predecessors have during the last 4 years. But I have no doubt that the sheer force of inescapable necessity will drive Congress to some such alternative formula before we are done with this perplexing responsibility. I only hope that the awakening will not come too late. I am afraid, however, that it will be too late if the smug attitudes typified by High Administrator Hopkins persist in declining decent and reasonable consideration for legitimate alternatives which are urged by conscientious men who love their country and their fellow man just as deeply as does the czar of W. P. A.

A Washington newspaper last Wednesday quoted Mr. Hopkins as follows:

Hopkins repudiated the Vandenberg proposal without ever reading it. He said he "assumed it is a Republican measure, and as such it is no good."

This, Mr. President, is a sinister demonstration of the Jupiter complex which takes possession of a big bureaucrat who has intoxicated himself upon too much power. It is an excellent example of the dangers of bureaucracy in a democracy. These overlords, starting humbly—as the very able Mr. Hopkins did when he leaped from his place of comparative insignificance to the control of the greatest distribution of money in the history of the world—starting humbly, and gradually expanding in self-confidence and self-importance as the natural result of the successful exercise of such enormous powers, these overlords finally mistake themselves for public masters rather than public servants. They become arrogant and intolerant, and they pronounce just such pontifical judgments as the one attributed to Mr. Hopkins which I have quoted. He rejects, without reading, any consideration of any alternatives to his own wisdom, although they come, Mr. President, from the Community Mobilization of America, and from some of the most respectable sources from which any advice upon this problem could arise. He rejects, without reading, any consideration of an alternative. In a fine display of the relief nonpartisanism to which he gives lip service, he rejects, without reading, any suggestions that flow from the political opposition. They may still help pay the bills—and how—but taxation without representation is no longer unjust. It is the new dispensation. The ruler speaks. All others should fall silent. I imagine it is the sort of thing which caused the Romans of old to inquire:

Upon what meat doth this our Caesar feed,
That he is grown so great?

Considering the difficult nature of his assignment, I have always felt that Mr. Hopkins has done exceedingly well in his actual administration of the enormous relief system over which he presides. Such a system defies actual and conclusive economy and efficiency. Its administrator, therefore, contends with great handicaps. I continue to believe that Mr. Hopkins does exceedingly well under the circumstances, and I do not withdraw this compliment even in the presence of his contempt for those who fail to kneel to his infallibility; but I would wish for him a reexamination of his own attitudes for the sake of his country, to which I am sure he is sincerely devoted.

This proposed alternative may deserve the repudiation which Mr. Hopkins bespeaks. If it lacks intrinsic merit, that should be its fate, but so long as we are spending four, five, six, seven billion dollars of the people's money each year in one or another form of relief, and so long as we must continue to risk the public credit of the whole Nation in such enterprise, every earnestly offered program is entitled to respectful and constructive attention. Every citizen, even a Republican, is entitled to be heard before it is too late.

Mr. President, the latest exhibit which has come to my attention this morning is the statement signed by 56 members of the Economists' National Committee on Monetary Policy, the 56 members being 56 distinguished economists connected with the realm of higher education in the United States, a statement in opposition to pump-priming. I ask that this statement and the appended signatures be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. VANDENBERG. Mr. President, I now offer a substitute for title I of the pending joint resolution, and ask that it may be pending for a vote at the proper time. I call attention to the fact that on the basis of a 12 months' computation it proposes the same total appropriation for relief under title I which is carried by the joint resolution as it passed the House of Representatives. In other words, it is attempting in no degree to economize in title I at the expense of relief. In a sincere belief that a different method can buy more relief for less money, it proposes that the same total appropriation shall be used in a different way. At the proper time, when the substitute may be in order and may be read to the Senate, it will speak for itself respecting the details which it proposes.

I thank the Senate for its very considerate attention.

EXHIBIT A

(Released for publication Monday, May 23, 1938)

STATEMENT IN OPPOSITION TO PUMP PRIMING

(Signed by 56 members of the Economists' National Committee on Monetary Policy, Educational Bldg., 70 Fifth Ave., New York City)

We, the undersigned members of the Economists' National Committee on Monetary Policy, believe that it is unsound public policy for the Federal Government to resort to a program of greatly expanded governmental spending—so-called pump priming—as a device for overcoming the present depression. We do not believe that such a program offers promise of reaching the roots of our economic difficulties or of stimulating a sound or sustained business recovery.

An important question arises as to whether further substantial increase in the Federal debt may not frighten from productive channels more private capital than the Government can add through its program of spending. Confidence in the credit of the Government and in the Nation's currency is a basic foundation for that general confidence on which a free flow of private capital and a widespread and healthy expansion of business rest. In the past the Government's protection of its credit and of the soundness of its currency rather than a program of huge public spending have apparently aided business in recovering from depressions.

(Signed:) Charles C. Arbuthnot, Western Reserve University; Leonard P. Ayres, the Cleveland Trust Co.; George E. Barnett, the Johns Hopkins University; Don C. Barrett, Haverford College; James Washington Bell, Northwestern University; Ernest L. Bogart, University of Illinois; Frederick A. Bradford, Lehigh University; Herbert M. Bratter, Washington, D. C.; J. Ray Cable, Washington University; Wilbur P. Calhoun, University of Cincinnati; Neil Carothers, Lehigh University; John M. Chapman, Columbia University; William W. Cumberland, 120 Broadway, New York City; Charles A. Dice, the Ohio State University; George W. Dowrie, Stanford University; William E. Dunkman, the University of Rochester; D. W. Ellsworth, the Annalist, New York City; William D. Ennis, Stevens Institute of Technology; Clarence W. Fackler, New York University; Herbert F. Fraser, Swarthmore College; Henry B. Gardner, Brown University; Earl J. Hamilton, Duke University; Lewis H. Haney, New York University; E. C. Harwood, American Institute for Economic Research; Hudson B. Hastings, Yale University; Frederick C. Hicks, University of Cincinnati; John Thom Holdsworth, the University of Miami; Jacob H. Hollander, the Johns Hopkins University; F. Cyril James, University of Pennsylvania; Edwin W. Kemmerer, Princeton University; David Kinley, University of Illinois; Frederic E. Lee, University of Illinois; Ray V.

Leffler, Dartmouth College; J. L. Leonard, University of Southern California; A. Wilfred May, New York City; Margaret G. Myers, Vassar College; Melchior Palyi, the University of Chicago; Clyde W. Phelps, Chattanooga University; Charles L. Prather, Syracuse University; Harold L. Reed, Cornell University; Ralph West Robey, Columbia University; Leland Rex Robinson, 50 Pine Street, New York City; R. G. Rodkey, University of Michigan; Olin Glenn Saxon, Yale University; Joseph A. Schumpeter, Harvard University; Walter E. Spahr, New York University; William H. Steiner, Brooklyn College; Charles S. Tippetts, University of Pittsburgh; James B. Trant, Louisiana State University; Rufus S. Tucker, Westfield, N. J.; Russell Weisman, Western Reserve University; William O. Weyforth, the Johns Hopkins University; Nathaniel R. Whitney, the Proctor & Gamble Co., Cincinnati; Max Winkler, College of the City of New York; Ivan Wright, University of Illinois; John Parke Young, Occidental College.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H. R. 1486. An act to amend section 30 of the act of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes";

H. R. 4222. An act for the relief of Mary Kane, Mary Ella Benz, Muriel Benz, John Benz, and Frank Restis;

H. R. 4276. An act to amend an act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes;

H. R. 4650. An act to amend section 40 of the United States Employees' Compensation Act, as amended;

H. R. 4852. An act to provide for the creation of the Saratoga National Historical Park in the State of New York, and for other purposes;

H. R. 5633. An act to provide additional funds for buildings for the use of the diplomatic and consular establishments of the United States;

H. R. 5974. An act to authorize payments in lieu of allotments to certain Indians of the Klamath Indian Reservation in the State of Oregon, and to regulate inheritance of restricted property within the Klamath Reservation;

H. R. 6410. An act granting a pension to Mary Lord Harrison;

H. R. 7104. An act for the relief of the estate of F. Gray Griswold;

H. R. 7534. An act to protect the telescope and scientific observations to be carried on at the observatory site on Palomar Mountain, by withdrawal of certain public land included within the Cleveland National Forest, Calif., from location and entry under the mining laws;

H. R. 7553. An act to amend the laws of Alaska imposing taxes for carrying on business and trade;

H. R. 7711. An act to amend the act approved June 19, 1934, entitled the "Communications Act of 1934";

H. R. 7778. An act to amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900;

H. R. 7827. An act to authorize public-utility districts in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 8008. An act to provide for the purchase of public lands for home and other sites;

H. R. 8148. An act to amend Public Law No. 692, Seventy-fourth Congress, second session;

H. R. 8177. An act to create a commission to be known as the Alaskan International Highway Commission;

H. R. 8203. An act for the inclusion of certain lands in the Kaniku National Forest in the State of Washington, and for other purposes;

H. R. 8373. An act for the relief of List & Clark Construction Co.;

H. R. 8404. An act to authorize the Territory of Hawaii to convey the present Maalaea Airport on the island of Maui, Territory of Hawaii, to the Hawaiian Commercial & Sugar Co., Ltd., in part payment for 300.71 acres of land at Pulehu-Nui, island of Maui, Territory of Hawaii, to be used as a site for a new airport;

H. R. 8487. An act confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land located in St. Charles County, in the State of Missouri;

H. R. 8715. An act to authorize the Secretary of Commerce of the United States to grant and convey to the State of Delaware fee title to certain lands of the United States in Kent County Del., for highway purposes;

H. R. 8700. An act relating to the retirement of the justices of the Supreme Court of the Territory of Hawaii and judges of the United States District Court for the Territory of Hawaii;

H. R. 9123. An act to authorize the Secretary of War to lease to the village of Youngstown, N. Y., a portion of the Fort Niagara Military Reservation, N. Y.;

H. R. 9358. An act to authorize the withdrawal and reservation of small tracts of the public domain in Alaska for schools, hospitals, and other purposes;

H. R. 9577. An act to amend section 402 of the Merchant Marine Act, 1936, to further provide for the settlement of ocean-mail contract claims;

H. R. 9688. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky.;

H. R. 9722. An act to amend section 5 of an act entitled "An act to provide for the construction and maintenance of roads, the establishment and maintenance of schools, and the care and support of insane persons in the district of Alaska, and for other purposes," approved January 27, 1905 (33 Stat. 616);

H. R. 10004. An act to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia";

H. R. 10117. An act granting the consent of Congress to construct, maintain, and operate a toll bridge, known as the Smith Point Bridge, across navigable waters at or near Mastic, southerly to Fire Island, Suffolk County, N. Y.;

H. R. 10118. An act granting the consent of Congress to construct, maintain, and operate toll bridges, known as the Long Island Loop Bridges, across navigable waters at or near East Marion to Shelter Island, and Shelter Island to North Haven, Suffolk County, N. Y.;

H. R. 10190. An act to equalize certain allowances for quarters and subsistence of enlisted men of the Coast Guard with those of the Army, Navy, and Marine Corps;

H. R. 10193. An act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American republics and the Philippines, and for other purposes;

H. R. 10351. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.;

H. R. 10535. An act to amend the Second Liberty Bond Act, as amended;

H. R. 10704. An act to amend section 4132 of the Revised Statutes, as amended;

H. J. Res. 447. Joint resolution to protect the copyrights and patents of foreign exhibitors at the Pacific Mercado International Exposition, to be held at Los Angeles, Calif., in 1940; and

H. J. Res. 622. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

ADDITIONAL APPROPRIATION FOR CERTAIN GRANTS TO STATES

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the joint resolution (H. J. Res. 678) making an additional appropriation for grants to States for

unemployment compensation administration, Social Security Board, for the fiscal year ending June 30, 1938, which was, in lieu of the sum inserted by said amendment, to insert "\$3,500,000."

Mr. GLASS. I move that the Senate agree to the amendment of the House to the amendment of the Senate.

The motion was agreed to.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

Mr. CONNALLY. Mr. President, I very much regret that my self-respect requires that I submit a few remarks to the Senate following the remarks of the Senator from Michigan [Mr. VANDENBERG]. It is a very serious thing to misrepresent a Senator or to misrepresent a Senator's views. The Senator from Michigan charged the Senator from Texas with misrepresenting the position of the Senator from Michigan on former relief bills. I desire to plead ignorance if what I said may have tended to misinform the Senate. I did not intend to do so. I made no statement as to how the Senator from Michigan had voted; I did not know, in fact; but I was under the impression that he had voted for some of the relief measures. So the Senator from Texas, exercising what he thought was the right of every Senator, asked the Senator from Michigan to yield, and the Senator from Michigan very graciously yielded, but when he found that I was asking him a question which did not suit him he refused further to yield. I regret that he demonstrated a quality which many men of inordinate vanity and ambition possess, but it is human nature, and it cannot very well be avoided.

Mr. President, let us see what the record shows. I made a mistake in asking the Senator from Michigan how he voted. I should not have done that; I should have looked at the RECORD. That is where I made my mistake, because the RECORD and the Senator from Michigan do not agree. While I would take the word of any Senator on the floor as to how he voted, unless he turned up the RECORD to contradict himself, I would never question how he voted.

I have in my hand the transcript of the Official Reporter of what occurred this morning. I do not wish to misrepresent the Senator from Michigan. No one can do that as well as the Senator from Michigan himself can. [Laughter.] The Senator from Texas asked the Senator from Michigan to yield, and after the Senator from Michigan did yield, the following took place:

Mr. CONNALLY. Of course, the President was speaking there of the burden of taxation, as I understand the Senator. Did or did not the Senator from Michigan vote for most of the appropriations that have been passed for relief and emergency purposes since March 1933?

That was the question. That was the misrepresentation. Let me see what the Senator said.

Mr. VANDENBERG. I think the Senator has voted against every—

Not one, but every—

relief appropriation bill in the form in which it was submitted.

That is the record. Let us see now what the printed RECORD shows. I have not had time to digest it all, but the printed RECORD and the speech of the Senator from Michigan do not agree at all.

Mr. VANDENBERG. Mr. President, am I entitled to ask the Senator from Texas a question?

Mr. CONNALLY. I am always glad to yield to the Senator from Michigan, and I am not going to grow angry if he asks me an embarrassing question either.

Mr. VANDENBERG. Has the Senator concluded reading what he intends to read from the reporter's notes?

Mr. CONNALLY. I have for the moment. I will continue reading a little later.

Mr. VANDENBERG. I had hoped the Senator was not going to leave my statement at that point, because I very readily agreed with the Senator from South Carolina [Mr.

BYRNES] regarding the actual record as soon as I was reminded of it.

Mr. CONNALLY. I am glad to hear that frank confession of the Senator. Here he was making a speech, which he had been preparing for a week, perhaps 2 weeks, and yet he had to wait to be reminded, when he rose on the floor this morning, of how he voted on similar bills during the past 5 years of his service. Does the Senate want to follow the advice or to vote for the substitute of a Senator who does not himself know how he voted on the same kind of a bill?

I have before me the RECORD of March 30, 1933. According to this RECORD, the Senator from Michigan voted for the relief bill pending at that time. I pause to be interrupted again, and if this RECORD is not correct, I shall be glad to have the Senator from Michigan correct it. I will accept his statement over the RECORD. If he tells me that he did not vote as the RECORD shows, I will accept his statement.

Mr. VANDENBERG. The Senator may use the RECORD with my complete approval, if that is of any interest to him, because the RECORD completely agrees with what I stated to the Senator from South Carolina.

Mr. CONNALLY. In all frankness, the Senator's approval does not add much to it; but if he says the fact was different from what the RECORD shows, I will accept his statement, because the reporters and the clerks could be in error. The Senator might not be, but the clerks can be. [Laughter.]

Mr. VANDENBERG. The Senator will find, when he reads the report of my colloquy with the Senator from South Carolina, a complete agreement with the RECORD, and I hope the Senator will continue to read the RECORD.

Mr. CONNALLY. I would not make as long a speech, however, as the Senator from Michigan did, if I read all the RECORD. I have referred to the RECORD of March 30, 1933. The Senator from Michigan was then for the bill as presented here as the committee drafted it. He was willing to vote for it.

Let us see now how the Senator voted in 1935. I have no record of a bill in 1934. In 1935 there was before the Senate the \$4,000,000,000 appropriation, and the Senator from Michigan voted against that, I believe. He voted against the \$4,000,000,000 measure. He is for little relief bills, and against big ones. He is willing to relieve the unemployed and the hungry if it does not cost too much. He voted against the \$4,000,000,000 bill in 1935.

Not let us see if he changed again. I have called attention to one change. Let us see how he voted in 1936. On June 1, 1936, he voted against the bill then pending. I do not know how much of an appropriation it carried, but the Senator voted "no." So we find he voted for one bill and voted against two.

Now I come to the vote on June 22, 1937, and this is where the Senator can really enlighten the RECORD, because there was not a roll call, and therefore the RECORD does not show how the Senator voted. I believe he voted "no," in all frankness, because then, as now, he had a plan. He was in favor of relief if we would let him do the relieving his way, but if we did not let him relieve as he wanted the people relieved, he was not going to favor relief. He is going to give the people pink pills, and if they do not believe in homeopathic remedies, well, just let them die. If they will not take his prescription, just let them go ahead and die. Give them the Michigan treatment, and if they do not take the Michigan treatment they do not get anything. [Laughter.]

Let us see what the Senator said. The Senator from Michigan was not nearly as angry in 1937 as he was this morning. In 1937 the Senator was praising Mr. Hopkins, to a certain extent. This is what he said, as appears on page 6118 of the RECORD of June 22, 1937:

Mr. VANDENBERG. I will proceed on the joint resolution.

I distinctly do not condemn our whole relief adventure. In the beginning it was unavoidably necessary to rush into experimental programs which were bound to involve elements of error. Many fine public works, too, dot this Nation as a result of what has been done. Both the President and Administrators Hopkins—

Hopkins! Think of it—the Senator from Michigan bragging on Hopkins. [Laughter.]
and Ickes—

He includes Ickes. Think of that.

Both the President and Administrators Hopkins and Ickes have borne burdens in this connection almost beyond human endurance. I simply ask, in complete good faith, whether out of our long experience we have not learned some lessons which may now be helpfully capitalized for the benefit of the commonweal before it is too late.

What he meant by that, of course, no one knows. What he meant by "commonweal" and "helpfully capitalized" no one knows, but evidently he had a meaning for those expressions.

These are some of the advantages which I would expect to flow from the philosophy of action which is embedded in the substitute that I am submitting to the Senate—

Mr. President, that is why I say I am sure the Senator voted "no" on that relief bill, because he offered a substitute, and it was not adopted. Therefore I conclude that he voted "no." We would not take his plan, and he would not take anyone else's plan. Everyone is out of step but Willie. a plan which would, through a bipartisan national commission,—

A bipartisan commission. How are you going to get a bipartisan commission? It is proposed to get some fellows who have their own views, who do not believe in Republican doctrine, who do not believe in Democratic doctrine, who do not believe in La Follette doctrine, who do not believe in socialism—and make of them a bipartisan board. Of all the fakes in this world a bipartisan creation of any kind is the greatest. If a man does not have any views or any convictions I would not trust him around the corner. I continue to read—

a plan which would, through a bipartisan national commission, prorate to bipartisan commissions in each State the State's share of the total Federal relief allotment, subject to a minimum State contribution of at least 25 cents out of each relief dollar; then leaving to each State the decision as to what kind of relief shall be provided, where, when, and how; and leaving to each State the responsibility of administration within its own prospectus.

Mr. President, I assume that that in substance is the provision of the substitute now offered again by the Senator. Think of a plan which provides that the Federal Treasury shall furnish the money to relieve people, and to give them work all over the United States, and then turn that money over to State organizations, which have no responsibility for raising the money, and practically no responsibility for spending the money.

Mr. HATCH. Mr. President—

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Texas yield to the Senator from New Mexico?

Mr. CONNALLY. I yield.

Mr. HATCH. While the Senator is discussing the proposal to turn the money over to the States, what does the Senator think of the proposition of also requiring the funds to be spent for relief to be matched by the States? Suppose the State or the community did not have the necessary funds, would the needy persons living therein be permitted to suffer because of the inability of the State or the community to provide the necessary funds?

Mr. CONNALLY. Certainly. The Senator from New Mexico properly points out that with the 25-percent requirement on the part of the State, the poorer a State is and the less able it is to feed its own people, the less relief money it would get from the Federal Government. Its very lack of ability to feed its own people would be the very cause of its failure to get relief from the Federal Government, because if it could not put up 25 cents out of every dollar, it could not get enough money to take care of those in need of relief. Whereas a State which is able to provide considerable funds from taxes, and is in good condition, would not only have relief funds allocated to it, but would receive the amount which should be allocated to the poorer State.

Mr. HATCH. The Senator from Texas is absolutely correct. The poorer the State was the less money it could put up and the hungrier its people would be.

Mr. CONNALLY. Exactly. I pause now to have the Senator from Michigan correct me if I am in error. I have not had time to read the Senator's present substitute and his previous substitute carefully. Is not the present substitute practically the same substitute he was talking about in 1937?

Mr. VANDENBERG. I am glad to say to the Senator that it is substantially the same.

Mr. CONNALLY. Substantially the same.

Mr. VANDENBERG. Permit me to add by way of information—

Mr. CONNALLY. I shall be glad to have the Senator do so.

Mr. VANDENBERG. That there is also a provision for a substantial proportion of the fund to be set aside for emergencies not contemplated by the application of the regular formula.

Mr. CONNALLY. I thank the Senator. I want to be fair to the Senator. I want to be more fair to him intellectually than he is to the needy and the unemployed in the poor States. I come back to the proposition that the Senator from Michigan, a Senator who assumes to legislate for a great government and a great people, has so poor a conception of the functions of the State and the Federal Government as to say that he will appropriate billions of dollars of Federal money, for which Congress is responsible to the people of the United States, and then will turn it over to certain States and let them decide what kind of relief they will give. That is what he said.

Mr. President, have we any right to appropriate money and not know what it is going to be spent for? I do not think we have.

This is what the Senator from Michigan said in 1937:

Then leaving to each State—

Not only leaving to each State the money, but—

Then leaving to each State the decision as to what kind of relief shall be provided.

Now, would not that be a pretty come-off? We would appropriate billions of dollars and turn them over to State organizations, most of them dominated by political machines right on down to the constable and the justice of the peace, and then let them decide the kind of relief that would be furnished.

I continue to read:

The decision as to what kind of relief shall be provided, where, when, and how; and leaving to each State the responsibility of administration within its own prospectus.

Is that not a great conception, Mr. President? It is proposed to let the Federal Government, the United States Government, raise all the money, appropriate all the money, accept this 25-percent contribution, and then turn it over to State administrations, with the Federal Government exercising no control as to the selection of the head of the administration in each State, and then let a State organization decide what kind of relief will be provided.

Mr. President, when the Congress spends a single dollar of the people's money, it is its obligation and responsibility to know for what particular purpose that dollar is to be spent. We have no right under the plea that we are legislating for the unemployed and for the hungry and the homeless and the houseless to appropriate billions of dollars and turn the money over to State political machines.

Suppose that last week Pennsylvania's portion of the two and one-half billion dollars relief money had been under the control of the State of Pennsylvania and that Pennsylvania had the right to decide what kind of relief it would give the needy. Do Senators doubt that Pennsylvania would have given them a little more relief at about election time than it would at any other time? Pennsylvania would have the right to determine what kind of relief it would give to the needy. Such a plan is wholly at variance with the responsibility of the Congress and the responsibility of the Federal

Government, and I am amazed that the Senator from Michigan should seriously propose any such plan to the Senate of the United States.

Mr. President, what I have stated is not the only record of the Senator from Michigan. I read his statement made in 1937. At that time he voted against the proposal. But the RECORD shows that in 1938 the Senator from Michigan did vote for another relief bill providing for the appropriation of \$250,000,000. I pause to be corrected if I am wrong. The RECORD shows that on February 23, 1938, the Senator from Michigan voted for an appropriation of \$250,000,000 to carry on the relief work. That did not change the system. It simply continued the kind of relief that was then in effect; and if the Senator from Michigan had been consistent, he would have voted against that proposal, because he says he is for relief, but not for that method. So I think on the whole the Senator's record is about 50-50—and I pause again to be corrected if I am wrong.

Mr. President, the Senator from Michigan is a very able man; he is a very shrewd man. He has been a newspaper man, and he knows what kind of material will get him headlines. He knows what kind of material will get publicity. Watch the newspapers this afternoon and tomorrow. "VANDENBERG" will be spread all over the front pages of the newspapers. The reason for that is that he has had this speech prepared for probably a week or 10 days, and gave it out to the boys 2 or 3 days ago, and perhaps it was already set up in type and ready to be printed before it was actually delivered on the floor of the Senate.

The Senator from Michigan would have made a great lawyer. He is essentially an advocate. But he would have made a mighty poor witness, if he had been called as a witness.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. CONNALLY. I am very glad to yield to the Senator, and I am not angry; I am not irritated.

Mr. VANDENBERG. I do not want the Senator to be disappointed when he reads the newspapers and fails to find the headlines he mentioned. The Senator from Michigan, having worked with some seriousness and conscientiously with this problem, has found no time to respond even to a request for an advance synopsis of the speech, so none of it has been furnished the newspapers. Therefore, I am afraid the Senator will be disappointed with respect to the publicity he mentioned.

Mr. CONNALLY. That is too bad; that is too bad. [Laughter.] When a man has worked as long as the Senator from Michigan has worked on his speech, expecting to get headlines, and then does not get them, it is too bad. He is not going to get any votes for his amendment, and if he does not get any headlines, what is he going to get? I sympathize with the Senator from Michigan. I think he deserves more than he will get. He is a former newspaperman and belongs to the newspaper fraternity. I think the newspapers ought to give him some headlines. All he will get will be a few headlines and a little publicity, a little mention, so that the Republican elephant may throw his trunk coaxingly around him as its champion in 1940. That is all the Senator will get out of this amendment. I regret that he will not get the headlines. I always like to read the Senator's headlines, because then I do not have to read his speech. I can merely read the headlines without being bothered by reading the whole body of the speech. That is why I like his headlines.

The Senator from Michigan wanted me to read the rest of the remarks referred to. I desire to be fair with the Senator. If I do not quote the Senator correctly, I hope he will interrupt me.

Mr. VANDENBERG. I think the Senator has voted against every relief appropriation bill in the form in which it was submitted.

The Senator is speaking about his own vote. The RECORD shows that on at least two occasions he has voted for relief bills. His batting average is fair. It is a little over 0.300. That is very good—on the question of his own vote.

Mr. CONNALLY. The Senator from Michigan?

I was astounded. I remembered his record better than he did.

Mr. VANDENBERG. Yes.

The RECORD shows that I said:

Mr. CONNALLY. Then the Senator all the time, for 5 years, has been against relief to the needy and unemployed?

That made the Senator angry. If he had waited a moment, I would have said "as we have passed these bills and administered them." The Senator then became angry.

Mr. VANDENBERG. No; and I decline to yield to the Senator for that sort of interruption, because it is neither pertinent nor fair nor just.

I submit the Senator was not fair to himself, because he misquoted the RECORD. He said he had voted against all such bills. The RECORD shows that he voted for at least two of them.

Mr. CONNALLY. I am asking the Senator a question.

Mr. VANDENBERG. It is fairly typical of the Senator from Texas, but it neither comports with the things I have already said before the Senator reached the floor, nor with my own record.

I admit it does not comport with his own record. Neither do his own statements comport with the RECORD, because the RECORD proves him wrong in at least two instances.

Mr. CONNALLY. If the Senator will yield for just a moment—

Mr. VANDENBERG. I will yield for just a moment.

Mr. CONNALLY. I am sorry to have irritated the Senator.

Mr. VANDENBERG. The Senator from Michigan is always irritated to be misrepresented.

The Senator from Michigan charged the Senator from Texas with misrepresenting him. I asked him how he voted. I did not say he voted in any particular way. I asked him how he voted, and he said he voted against the bills as they had been presented. If anybody has misrepresented the Senator, it is the printed RECORD; and if it did not misrepresent him, he misrepresented himself, out of his own mouth, with his own words, when he said he had voted against all relief bills.

Mr. President, under the provisions of the Senator's amendment the Federal money would be turned over to the States. The Senator would turn over the New Jersey part of it, I presume, to Mr. Hague. I have nothing against Mr. Hague. I rather like Mr. Hague. At least he knows what he is trying to do, and he usually does it. In Kentucky, for example, all the money would be turned over to Governor Chandler, to let him adopt such methods and such kinds of relief as he might see fit during 1938. What would then happen to the Senator from Kentucky [Mr. BARKLEY] with all the money in the hands of Mr. Chandler, and with the State adopting such plans as it saw fit?

Or suppose Federal funds were turned over to the Governor of Georgia. What would happen to a Senator from that State who wanted to return to the Senate?

What would happen if the Federal funds were turned over to the Governor of Michigan? I do not know when the Senator from Michigan comes up for reelection. He may not come up at all. However, I imagine that the present Governor of Michigan would not use any of the funds to relieve the Senator from Michigan.

I am not making charges of corruption. It is our business to see that they never can be made, by holding in our own hands the control of Federal expenditures, and having Federal supervision over them, and Federal accountability for them.

We have talked much about the General Accounting Office. The reorganization bill was killed largely because it did not preserve the General Accounting Office. Why? Because our philosophy was that every dollar, when it was spent, had to go through the General Accounting Office in order that it might be spent only for the purposes for which Congress appropriated it. Yet under the provisions of the amendment offered by the Senator from Michigan [Mr. VANDENBERG] we would pour out billions of dollars, and turn them over to the State authority, and let the State do what it pleased with the money, without any Federal accountability whatever.

Mr. President, the amendment offered by the Senator from Michigan is unsound. It is merely an alibi. The Senator from Michigan desires to be in the attitude of saying, "Oh, yes; I am for relief. I am for you hungry people. I want to relieve the unemployed, but the bill, as it was presented, did not suit me and I had a better plan. If they had adopted my plan, you would have been relieved. I voted against the plan presented and offered my plan."

The Senator from Michigan knows that his plan is not going to be adopted. He has known it from the beginning. If he knows anything, he knows that if he is for relief, if he is for helping the unemployed, he must either vote for the joint resolution as it is written or vote against it.

The Senator from Michigan has been in the Senate a long time. He is wonderfully shrewd and is a marvelous politician; but he cannot say to the businessmen, on the one hand, "I fought the measure presented for relief; I was against it; I do not believe in relief"; and, on the other hand, say to the unemployed and the relievers, "I was for you, and I wanted to do it, but I wanted to do it in some other way." The Senator from Michigan cannot get by with such tactics. Somebody will expose him.

The Senator from Michigan knows that his amendment is not going to be adopted. If he had thought it was going to be adopted, he would have changed it. He would not have proposed the kind of amendment which he has proposed if he had thought it had any chance on earth. It is good stuff for the boys in the gallery—"VANDENBERG presents new plan of relief; old plan has failed." However, I have heard of nobody starving to death under the old plan of relief. I have heard of none of the unemployed who did not get their quota of work under the W. P. A. But that will not do. We must have a new plan, a new system.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Tennessee.

Mr. McKELLAR. Speaking of Michigan and relief, I find that Michigan apparently needs it and apparently uses it.

Mr. CONNALLY. Oh, no.

Mr. McKELLAR. Yes.

Mr. CONNALLY. Michigan uses it?

Mr. McKELLAR. Yes; she uses it. On page 16 of the House hearings on the joint resolution, I find that in 1936 Michigan received \$45,000,000 plus; in 1937, \$59,000,000 plus, and in 1938, \$32,000,000 plus.

In order to show what those figures mean, let me state that Michigan has a population of 4,842,000. Texas has a population of 5,824,000. In 1936 Texas received \$29,000,000 as against \$45,000,000 for Michigan. In 1937 Texas received \$39,000,000 as against \$59,000,000 given to Michigan. In 1938 Texas received \$20,000,000 as against \$32,000,000 for Michigan. So on the question of relief, even under Federal authority, Michigan has fared fairly well.

Mr. CONNALLY. I thank the Senator from Tennessee. I am sure the figures which the Senator from Tennessee has quoted are correct, because I am sure the Senator from Michigan was diligent in pushing the interests of the people of his State before the relief bureaus. Although he may not believe in relief, although the philosophy of the matter may not appeal to him, as long as relief is available he is going to see that his people get their share, at least, and probably a little more than their share.

Mr. President, I apologize to the Senate for taking so much time. I should not have done so except that the Senator from Michigan, irritated and exasperated because he was asked a question, insinuated that the Senator from Texas had misrepresented his votes, when the Record shows that the Senator from Michigan himself misrepresented his own votes.

I wish to say that the amendment, under which it is proposed to turn over to the States, all the Federal funds involved and let the States adopt the kinds of relief they want, appoint the officers, and have the responsibility, is one of the most ridiculous and senseless proposals that it has ever been my—I started to say "privilege"—duty to observe or inspect in this chamber.

Why not turn over to the States many other Federal functions, give the States the money, and tell them to do as they please with it? When we pass appropriation bills, we are meticulous to see that an appropriation act itself states particularly the purposes of the appropriation, and the purposes for which it may be sent. The Senator from Michigan wants to pour out billions of dollars and turn them over to the State authorities to squander and spend as they see fit, without any responsibility on the part of Federal officers, and without even having the Federal officers do the spending within the States.

Mr. BILBO. Mr. President, I submit amendments to the pending relief joint resolution and desire to have them printed in the Record as a part of my remarks and also printed for the use and information of the Senate.

While I have the floor, I wish to ask permission to speak to the amendments tomorrow as soon as the Senate convenes, if there is no objection.

The PRESIDING OFFICER. Without objection, the amendments will be received, lie on the table, and be printed and printed in the Record.

The amendments intended to be proposed by Mr. BILBO to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, were ordered to lie on the table, to be printed, and to be printed in the Record, as follows:

Amendment intended to be proposed by Mr. BILBO to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, viz: At the end of the bill to insert the following new title:

"TITLE —

"That subsection (d) of section 202 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(d) To carry out the purposes of subsection (a), the Secretary is authorized to utilize in each fiscal year, beginning with the fiscal year beginning July 1, 1938, a sum not to exceed \$4,000,000 of the funds appropriated pursuant to section 391 of this act, or section 15 of the Soil Conservation and Domestic Allotment Act, as amended, for such fiscal year. The Secretary shall allocate one-fourth of such sum annually to each of the four laboratories established pursuant to this section: *Provided*, That until all of such laboratories are established such allocation shall not be made: *Provided, however*, That notwithstanding the foregoing proviso, and notwithstanding the limitation contained in the item 'Conservation and Use of Agricultural Land Resources, Department of Agriculture,' in the act entitled 'An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes,' approved May —, 1938, for the fiscal year beginning July 1, 1938, \$1,000,000 of such sum shall be available, from the funds so appropriated for such fiscal year, for the establishment, maintenance, and operation of a regional research laboratory in one of the States located in the cotton-producing area, and the Secretary of Agriculture is authorized and directed to proceed with the establishment of such laboratory at the earliest practicable date after the beginning of such fiscal year."

Amendment intended to be proposed by Mr. BILBO to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, viz: At the end of the bill to insert the following new titles:

"TITLE VI—REPATRIATION COMMISSION

"SEC. 601. (a) For the purpose of carrying out the provisions of this title, the President is authorized to appoint a Repatriation Commission (composed of three members, one of whom shall be a Negro), all the powers of which shall be administered by such Repatriation Commission (hereinafter referred to as the "Commission").

"(b) The Commission may, without regard to the civil-service laws or the Classification Act of 1923, as amended, appoint and fix the compensation of such experts and such other officers and employees as may be necessary to carry out the provisions of this title; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as may be necessary to carry out the provisions of this title.

"SEC. 602. (a) The Commission, under the direction of the President, shall provide for the transportation from the United States to the Republic of Liberia, or to any territory acquired pursuant to the provisions of title VII of this act, of any citizen of the United States who desires to migrate to, and settle in, the Republic of Liberia or any such territory and who is found by the

Commission to be qualified in accordance with the provisions of section 606 of this act to receive the benefits of this title.

"(b) The Commission, under the direction of the President, may also pay all or any part of the expenses of transporting any such person from any point in the United States to the point of departure of such person from the United States or from the point such person may be landed in the Republic of Liberia or in such territory to the point where such person desires to settle in the Republic of Liberia or in such territory.

"(c) The Commission, under the direction of the President, may also pay all or any part of the expenses of subsistence of any such person from the time such person leaves from any point in the United States for the purpose of migrating to the Republic of Liberia or to any such territory until the time such person arrives at the point where he desires to settle.

"(d) The Commission, under the direction of the President, may also make such grants-in-aid, either in cash or in supplies and equipment or in both cash and supplies and equipment, to any such person, as the Commission may deem advisable for the purpose of enabling such person to establish himself upon a self-sustaining basis in the place where he desires to settle, and may also make advances in cash to any such person to be used for the purchase of lands and making improvements thereon, such advances to be made upon such terms and conditions for repayment as the Commission may deem advisable.

"Sec. 603. (a) The President is authorized to enter into negotiations with the proper officials of the Government of the Republic of Liberia for the purpose of obtaining (1) an agreement by such Government immediately to confer citizenship upon all American citizens to whom the benefits of this title are extended, and (2) the consent of such Government to the construction by the United States in areas of such Republic where persons receiving the benefits of this title may settle of public roads, bridges, schools, sanitary facilities, river and harbor improvements, flood-control works, and other public buildings and works of a similar character; such public buildings and works to be constructed by the United States and such part of the cost of such construction as may be agreed upon by the President and the Government of the Republic of Liberia, to be covered by bonds of the Republic of Liberia, issued to the United States and bearing such interest and containing such provisions with respect to redemption as the President may deem adequate. If the President determines that such negotiations may be consummated in a manner satisfactory to him and if he further determines that the Government of the Republic of Liberia will give adequate assurances with respect to the operation and maintenance of such public buildings and works as may be constructed in such Republic by the United States, the President shall have all necessary authority to consummate such negotiations.

"(b) In the event the consent of the Government of the Republic of Liberia to the construction of such public buildings and works is obtained as provided in subsection (a) of this section, the Commission is authorized, subject to the approval of the President, to construct any such public buildings and works in areas of the Republic of Liberia where persons receiving the benefits of this title may have settled as it may deem advisable: *Provided*, That no such public building or work shall be constructed until the Government of the Republic of Liberia has agreed that upon completion of such public building or work the Government of such Republic will deliver to a person designated by the President of the United States bonds of such Republic covering the part of the cost of such public building or work which is to be borne by such Republic.

"Sec. 604. The Commission may, subject to the approval of the President, enter into any contracts with transportation agencies and others which it may deem desirable for the purpose of providing transportation and subsistence for such persons in accordance with the provisions of this title.

"Sec. 605. The President is authorized to use any of the property of the United States which may be useful in the transportation of persons and property for the purpose of transporting such persons, if in his judgment the public interest makes such use advisable. The President may require any of the departments and independent establishments of the Government to cooperate with the Commission in carrying out the provisions of this title.

"Sec. 606. No person shall be entitled to receive the benefits of this title unless the Commission finds that such person (1) may become eligible for citizenship in the Republic of Liberia, (2) is in good physical condition, and (3) has the necessary training, intelligence, and ambition to be successful in the place to which he desires to migrate.

"Sec. 607. Notwithstanding any other provisions of this act, the President is authorized to use any of the funds appropriated by this act for the purpose of carrying out the provisions of this title. Such funds may be allocated to the Commission or to any of the departments and independent establishments of the Government which may be directed by the President to cooperate with the Commission in carrying out the provisions of this title.

"TITLE VII—CORPORATION TO ASSIST IN REPATRIATION

"Sec. 701. (a) The President is authorized and requested to enter into negotiations, through the Department of State or otherwise as he may deem appropriate, with the governments of the Republic of France and Great Britain for the purchase by the United States of such a number of square miles of the uninhabited or sparsely inhabited territory of either or both of such countries adjoining

the Republic of Liberia as he may deem necessary for the settlement of all persons eligible to receive the benefits provided by title VI of this act.

"(b) If the President shall ascertain that such territory may be purchased from either or both of such countries at a price determined by him to be reasonable, he shall have all necessary authority to consummate negotiations for the purchase of such territory.

"(c) The purchase price of any such territory shall be paid by crediting the agreed purchase price against the war debts owing to the United States by the country from which such territory is purchased.

"Sec. 702. (a) All proprietary rights in any territory acquired by the United States in accordance with the provisions of section 701 of this act shall be conveyed by the President by quitclaim deed to a corporation to be organized by the Repatriation Commission, acting under the direction of the President. Such corporation shall, in accordance with its bylaws approved by the President, exercise sovereign rights over all of such territory and proprietary rights over such part of such territory as may not be subject to proprietary rights of others acquired in accordance with laws applicable to such territory prior to its acquisition by the United States.

"(b) Such corporation shall be so organized that it shall possess all such powers as may be necessary to enable it to do such acts, and to engage in such business activities, as may be necessary to enable it to develop such territory to the extent that immigrants thereto will by the exercise of reasonable industry be able to place themselves upon a self-sustaining basis, including, but not limited to, the following powers:

"(1) To sell any lands acquired by it to any person who receives the benefits provided by title VI of this act, or his descendants upon such terms as it may deem advisable.

"(2) To sell not to exceed 160 acres of any lands acquired by it to any immigrant from the Republic of Liberia, if the settlement of such immigrant upon such lands would contribute to the development of such territory.

"(3) To sell stock in such corporation to immigrants to such territory and to receive such stock or any stock sold in accordance with paragraph (4) of this subsection in payment for not to exceed 160 acres of land purchased by such immigrant.

"(4) To sell stock in such corporation to any organization or to any citizen of the United States who does not desire to, or cannot qualify to, settle in such territory; such stock to be transferable by any such organization or any such citizen to any person who may settle in such territory, or if not so transferred, to be redeemable upon liquidation of such corporation at a price per share equal to the price at which issued plus interest at 3 percent per annum from the date of issuance to the date of redemption.

"Sec. 703. (a) It is hereby declared to be the intent of Congress that such corporation shall not have perpetual existence, but that its existence shall be limited to such period of time as may be necessary to enable it to perform its functions in accordance with section 702 of this act and for such additional time as may be necessary to enable the President to consummate the negotiations to be entered into in accordance with the provisions of subsection (b) of this section.

"(b) Whenever the President shall determine that such territory has been developed to the extent necessary to enable immigrants thereto to place themselves upon a self-sustaining basis, he shall enter into negotiations with the proper Government officials of the Republic of Liberia with a view to having such territory incorporated into the Republic of Liberia and having the citizens of such territory granted citizenship in such Republic. If the President determines that such negotiations may be consummated in a manner satisfactory to him, he shall have all necessary authority to consummate such negotiations. If the President determines that such negotiations may not be consummated in a manner satisfactory to him, he shall formulate a plan whereby independence may be granted to the inhabitants of such territory and shall submit such plan to the Congress for its action.

"Sec. 704. Notwithstanding any other provisions of this act, the President is authorized to allocate from the funds appropriated by this act, for use by the Works Progress Administration and the Public Works Administration, such an amount as he may deem necessary for the purpose of providing capital for the corporation provided for by this title."

Mr. BYRNES. Mr. President, I did not intend at this time to have anything to say with respect to the pending bill, but the references of the Senator from Michigan [Mr. VANDENBERG] to the unemployment committee, of which I was chairman, cause me to make a statement concerning the report of the committee.

The members of that committee approached the consideration of this exceedingly important question without any thought of securing political advantage for any party or any individual. We determined, after long and careful investigation, that at this time it would be unwise for the Congress to attempt any permanent solution of this problem which involves a material change from the present system. From last August to this date more than 1,000,000 persons have been added to the relief rolls. Any plan adopted at this

time having in mind the abnormal conditions existing might not be considered wise by the Congress at a time when conditions were normal. By our report we did not mean to say that we regarded the existing law as the best possible system that could be devised for Federal aid; but we did recommend that no change be made at this time in the midst of this recession or depression and that we should leave to the next Congress, when we have had further opportunity to investigate, the determination of a permanent program.

We did give consideration to the plan suggested by the Senator from Michigan. In his speech today, time and time again, he has urged that under the existing system there is a discrimination against some persons on the relief rolls and in favor of other persons on the relief rolls. The Senator at no time made clear the fact that if there is a discrimination in favor of one person on the relief rolls as against another person, such discrimination is due to the fact that one is an employable person and the other is an unemployable person.

Several years ago the Congress of the United States determined that it would undertake to provide for the employables, but would leave to the States the burden of caring for the unemployables. The Senator from Michigan stated time and again in support of the plan he urges that we should take the sum provided by this bill, \$1,425,000,000, and allot it to the States, and that thereby we would avoid the responsibility of discriminating as between persons on the relief rolls.

Mr. President, that cannot be done. The Congress of the United States cannot avoid its responsibility. The Congress of the United States cannot take money out of the Treasury, \$1,425,000,000, dispose of it by a grant to the States and sit back and say, "We have no further responsibility for what is done with that money within the States."

The Senator from Michigan says that no discrimination would then occur. Is that true? Then, if hereafter under the plan suggested by him there is to be no discrimination as between persons on relief, he must mean one of two things: Either he is going to give every man, unemployable and employable, a job or he is going to pay to the unemployable on the relief roll the same amount that he pays to the man who is working on a work-relief job. If there is to be no discrimination, he is going to do one or the other of those two things.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. HATCH. Does it not mean also that where there are two systems, one of work relief and one of direct relief, we would either have to give jobs to all those on relief or take jobs away from them all and put them on a level of direct relief, or in other words on the dole?

Mr. BYRNES. It means exactly that. The Senator from Michigan, of course, does not mean to give every man a job. The Senator from Michigan means under the system he urges that every man shall be put upon direct relief, or the dole, by the States to which we give the Federal grant. Mr. President, I listened to the Senator from Michigan most carefully. He cannot deny that statement. Several of his statements I took down at the time he uttered them. His speech means nothing but to return to the dole—75 percent of the amount of the dole to be advanced by the Government of the United States.

The Senator from Michigan in support of that plan urges the proposal of Mr. Taft speaking in behalf of the community chest organizations of the country. But, Mr. President, Mr. Taft, who impresses me as being a very sincere worker in this worthy cause, discussed this matter with me on several occasions. On the first occasion he presented substantially the proposal now offered by the Senator from Michigan. He believed we could turn this money back to the States and buy more relief as the Senator from Michigan now suggests. But the splendid gentleman who represented the community chest organizations, Mr. Taft, had much to learn about this subject, which we have been forced to learn from our study of it. So when Mr. Taft finally

came before the committee, instead of taking the position he had previously held, and the position taken today by the Senator from Michigan, Mr. Taft made a statement from which I will quote. I asked him this question:

You are proposing that money be allotted to the States based on some formula of matching. I am interested in trying to get your opinion as to whether when that money is allotted to the State, it will be spent for work relief, to give men jobs, or would be used by them simply for the dole?

Mr. TAFT. Two months ago my guess would have been that it would be spent for direct relief in the homes. My experience in my own community, however, since that time—

Within 2 months—

convinces me that there is a tremendous pressure for work relief, and I am inclined to think that in most communities a substantial proportion—by "substantial" I do not mean probably more than, certainly not more than half—would be spent for some type of work program. I have been amazed myself—

Said Mr. Taft—

to find the strength of that sentiment.

Mr. Taft talked to me about it. I told him that in the opinion of the majority of Congress the President of the United States was right when he adopted the proposal to give an opportunity to the unfortunates on the relief rolls to work for what they got instead of merely receiving it as a dole. He did not then believe it, but when he went back to his own community, with his vital interest in this problem, as a result of his investigation he returned to say that he believed 50 percent should be given for work relief.

Then what would happen to the philosophy of the Senator from Michigan who says there should be no discrimination as between persons on the relief rolls? He would simply transfer to the mayors of the country the right to discriminate as between persons on the relief rolls, giving, according to Mr. Taft, a job to one man and a dole to another. Would that be right? If we find it difficult, despite all our checks and balances, to make an equitable distribution as between employables and unemployables, how could we ever justify turning over \$1,425,000,000 to the governors of States and the mayors of the cities of the country and permit them to indulge in a discrimination such as has been denounced by the Senator from Michigan?

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Texas?

Mr. BYRNES. I do.

Mr. CONNALLY. Can the Senator from South Carolina imagine how untrained State officials, with practically no experience at all in relief, could administer it better than Federal officials who have been experimenting and struggling with it for 5 years, and how it is that under the theory of the Senator from Michigan a State officer can administer relief better than a Federal officer?

Mr. BYRNES. Mr. President, the question of the Senator from Texas answers itself. The people of the Nation are not in favor of the dole. I do not always follow the polls of Dr. Gallup, but a few weeks ago, because of my interest in this question, I was interested to note that in one of his polls 90 percent of the answers were to the effect that relief should be in the form of work relief.

The Senator from Michigan says, "By direct relief we can buy more relief." Yes; but buy it how? Buy it at the expense of the morale of the worker, first of all; and then he forgets that if we take \$1,425,000,000 and give it to needy individuals, taking from them in return not a single thing, we do not have the schoolhouses and the public buildings and all of the other public improvements which have been constructed by W. P. A. workers throughout the country, and which have made a substantial and permanent contribution to the assets of the Nation.

Mr. President, one other thing. The Senator from Michigan was asked by the Senator from Washington [Mr. BONE] what was the answer to the situation. The Unemployment Committee recognized its own shortcomings with the limited

opportunity it had to investigate these problems. Certainly we do not believe that this relief appropriation is an answer to the unemployment problem. It is what it purports to be; it relieves it. It does not remove it.

The Senator from Washington asked, "How are we going to remove it?" The Senator from Michigan never responded to the Senator from Washington. The committee considering this problem said that we had gone into it. We asked every representative of industry who came before us the direct question, "What can Congress do specifically to remedy the situation?" The representatives of steel, railroads, coal, textiles, and all other industries had but one answer: "Repeal or modify the tax on undivided profits. Modify the tax on capital gains. You will thereby unloose capital, and do more than all else." The Congress has done it. I want to see, now, whether or not they knew what they were talking about. If not, the serious-minded men in the Congress who through the years have believed that they could expect something thoughtful from the businessmen of the Nation will have reason to believe hereafter that they need not look to them for any help.

The Senator from Michigan talks about witnesses, the so-called municipal research men, a splendid body of men. They believe that turning the money over to the municipalities would be better than the present system. One of the reasons they urge is politics. Mr. President, I submit to the Members of the Senate and I submit to the country whether or not we have more politics in the operation of the present system than we would have if we should turn over to the mayors of the Nation, in a lump sum, the money we propose to appropriate, to be handled as they pleased.

People constantly assert that the Federal Government selects, for the unemployment list, unworthy persons. They have never gotten from the press or from the commentators over the radio the fact that that is not true; but, on the contrary, whenever a man is selected and certified as an eligible person for a job on a W. P. A. project, he is selected by the officials of the State government, whether we call it a welfare organization or by any other name. The State officials now select the persons for the list. The only authority exercised by the W. P. A. officials is that when a man is certified as a carpenter, if upon examination they determine that he is not a carpenter, and cannot do the job of a carpenter, they send him back and demand that a carpenter be certified. So we have local rule today.

The advocates of the proposal of the Senator from Michigan say it would enable local officials to select the projects. Local officials today select the projects. An application cannot come to Washington unless it is sponsored by the officials of a local government; and then, when the project is built—the project selected by local officials, and constructed by men who are certified by the local officials—the Federal Government exercises a check upon it to see that the men do a good job.

Under the present system there may be many defects. So far as I am concerned, I do not believe we shall ever improve it by turning over lump sums of money to local officials in the belief that thereby we shall get rid of politics, or that thereby we shall avoid discriminations among workers.

The Senator from Michigan says that Mr. Hopkins has done a good job, but that there is taxation without representation. Mr. Hopkins is not preventing the Senator from representing the State of Michigan. Certainly nobody prevents him from speaking about the conditions in Michigan. He does it frequently. He does it well. I will say to him that if any State in the Union has benefited by the present system, the State of Michigan has done so. The Senator from Michigan says there is discrimination on the relief rolls as among relief workers. I know that the fact is that, so far as Michigan is concerned, the director of W. P. A. in that State was told that every man on the relief rolls certified by the officials of Michigan as an employable person should be given a job. I think that was right, because in Detroit an extraordinary situation existed. Into Detroit persons had

gone from all over the country. With the situation existing in the automobile industry, more people were out of work there than elsewhere, and the director sent word to the administrator of the State to put to work every man capable of working. The only reason why a man received \$20 per month or \$30 per month instead of the compensation paid to a W. P. A. worker in Michigan is because the officials of Michigan determined that the man with the low wage was not fit to do the work required upon a W. P. A. project.

Mr. President, that is all I desire to say.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. MURRAY obtained the floor.

Mr. BANKHEAD. Mr. President, will the Senator yield for a moment?

Mr. MURRAY. I yield.

Mr. BANKHEAD. I desire to call up a bill which has been amended by the House, and to move concurrence in the amendments of the House. It is Senate bill 3949.

Mr. McKELLAR. Will the Senator state what it is?

The PRESIDING OFFICER. The clerk will state the title of the bill.

The LEGISLATIVE CLERK. A bill (S. 3949) to amend the Agricultural Adjustment Act of 1938.

Mr. BANKHEAD. It is a bill which was introduced by the senior Senator from Arkansas [Mrs. CARAWAY] and the junior Senator from Oklahoma [Mr. LEE] with reference to frozen cotton allotments; and then the Senator from Georgia [Mr. GEORGE] offered an amendment increasing the tobacco allotment.

Mr. BARKLEY. And one of the amendments involved is an amendment made by the House pertaining to burley tobacco.

Mr. BANKHEAD. Yes. I am advised by the Senator from Georgia, who sponsored the original tobacco amendment, that the action of the House is agreeable to him.

Mr. McKELLAR. I have no objection, and I think the bill ought to pass.

Mr. BANKHEAD. I am doing this merely at the request of those who are responsible for the bill.

Mr. BARKLEY. I hope the motion of the Senator from Alabama will be agreed to.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3949) to amend the Agricultural Adjustment Act of 1938, which were, on pages 2 and 3, to strike out all of section 2 and insert:

SEC. 2. (a) Section 313 (e) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "2 percent" and inserting in lieu thereof "4 percent."

(b) Section 313 of such act, as amended, is amended by adding at the end thereof the following:

"(f) In the case of fire-cured and dark air-cured and burley tobacco, the national quota for 1938 is increased by a number of pounds required to provide for each State in addition to the State poundage allotment a poundage not in excess of 2 percent of the allotment which shall be apportioned in amounts which the Secretary determines to be fair and reasonable to farms in the State receiving allotments under this section which the Secretary determines are inadequate in view of past production of tobacco."

And on pages 3 and 4, to strike out all of section 3.

Mr. BANKHEAD. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

REIMBURSEMENT OF CERTAIN RAILROADS

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3526) to provide for reimbursing certain railroads for sums paid into the Treasury of the United States under an unconstitutional act of Congress, which were, on page 1, line 5, to strike out all after "appropriated", down to and including "thereof", in line 6, and insert "including the balance remaining in the fund in the Treasury designated 'Railroad Retirement Trust Fund', to the railroad companies and other carriers of the

United States, their trustees or receivers, their proportionate share of"; on page 1, line 7, to strike out "said sums having been" and insert "in full settlement of all their claims against the United States for a refund of sums"; on page 1, line 10, to strike out "and"; on page 2, to strike out all of section 2 and insert:

SEC. 2. Claims for refund hereunder shall be filed within 1 year from the approval of this act, and the Secretary of the Treasury may promulgate such rules and regulations as he deems necessary for carrying out the purpose of this act.

And to amend the title so as to read: "An act to refund sums paid by the railroads and other carriers of the United States under the Railroad Retirement Act of 1934."

Mr. BAILEY. I move that the Senate agree to the amendments of the House.

The motion was agreed to.

REGISTRATION OF COLLECTIVE TRADE-MARKS

Mr. McADOO. Mr. President, will the Senator from Montana yield to me?

Mr. MURRAY. I yield to the Senator from California.

Mr. McADOO. I ask for the present consideration of House bill 9996, which has been favorably reported by the Committee on Patents. On a former occasion the Senator from Montana [Mr. WHEELER] objected to its consideration because he wanted to look into the bill. He has now withdrawn the objection. It is a noncontroversial measure and ought to be passed.

The PRESIDING OFFICER. The clerk will state the title of the bill.

The LEGISLATIVE CLERK. A bill (H. R. 9996) to authorize the registration of certain collective trade-marks.

The PRESIDING OFFICER. The bill was considered and the committee amendment agreed to on May 18.

Mr. McADOO. Mr. President, the bill simply gives to our nationals the right of collective registration of trade-marks, the same right that foreigners have under treaty provisions, and puts our nationals on a parity with foreigners in that respect.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. AUSTIN. Mr. President, I should like to ask the Senator from California a question. Did the committee which considered House bill 9996 disagree with respect to reporting it?

Mr. McADOO. There was no disagreement.

Mr. AUSTIN. Was the meeting of the committee which reported the bill largely attended?

Mr. McADOO. The meeting was not largely attended, because it is very difficult to get the members together. I had to poll the committee on the floor of the Senate. All the members signed, I believe. The report was unanimous.

Mr. AUSTIN. The committee was polled, was it?

Mr. McADOO. Yes. I should like to repeat to the Senator what he will find in the report of the committee:

The purpose of this measure is to correct an injustice to domestic persons, natural and juristic, which has arisen by reason of the fact that under existing laws, and in keeping with international conventions, foreign trade-marks of a collective character enjoy a protection in the United States not now afforded to domestic users of collective trade-marks.

That is all there is to the bill.

Mr. McKELLAR. Mr. President, it does not affect the domestic law as to trade-marks at all?

Mr. McADOO. No. Suppose, for instance, an American Legion Post has a badge. That is a collective trade-mark, and they may desire to register it for protection. Or any other organization may have such a trade-mark, and it could be registered under the proposed law. As it is now, a special bill must be passed whenever a collective trade-mark is to be registered.

There are on the records of the Senate a great many bills for the registration of trade-marks of various civic organizations, like the Daughters of the American Revolution, for instance. This bill would extend to Americans the same privilege we have extended by international agreement to foreigners.

Mr. AUSTIN. Mr. President, I should like to ask the Senator from California whether this proposal affects trade-marks and similar rights now granted by our laws to corporations and to individuals engaged in trade in the United States.

Mr. McADOO. It does not affect them.

Mr. AUSTIN. Would the proposal have any other effect than to extend the right to retain the monopoly in a trade-mark to activities which are not commercial? I desire to understand the bill. I want to know whether it extends to corporate bodies which are not engaged in trade the right to obtain a trade-mark. Is that the purpose of the bill?

Mr. McADOO. Let me read from the report for a moment:

Since June 30, 1936, therefore, it has been possible for foreign associations but impossible for domestic associations to register marks used by their members or subject to their control. This was required by our treaty obligations.

This situation is intolerable since it not only denies adequate protection in the United States to hundreds, if not thousands, of valuable association trade-marks but also keeps such associations powerless to prevent piracy and infringement of such marks in foreign countries where registration and protection are dependent on prior United States registration.

Among the associations that have appealed to your committee to remedy this situation are the Southern Pine Association, the Pennsylvania Grade Crude Oil Association, the Arkansas Soft Pine Bureau, the National Oak Flooring Manufacturers Association, and the National Lumber Manufacturers Association. There are hundreds of others throughout the United States that will take immediate advantage of enabling legislation.

I cannot possibly conceive of any reason why this extension of the privilege of registration should not be granted. It does not affect any existing provisions for registration of trade-marks; it does not create any monopoly. It is simply an attempt to put our own citizens on a parity with the citizens and association of foreign countries, which now by treaty have the right to register collective trade-marks in our jurisdiction.

Mr. AUSTIN. Mr. President, I think the bill should go over so that we might have an opportunity to study it. After a brief consideration of the report, the question arises on the report itself whether it is good policy to adopt such a measure as this. I notice there is a statement here to the effect that the Commissioner of Patents, in a certain case which is cited, has held that an organization composed of nine associations of fruit growers, and acting as a selling agent, could not have a trade-mark registration.

Mr. McADOO. Mr. President, I am quite willing to let the bill go over, if the Senator desires to look into it further.

Mr. AUSTIN. I should like to look into it more carefully. I ask that it go over.

The PRESIDING OFFICER. Objection is heard.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

Mr. MURRAY. Mr. President, as a member of the special Senate Committee on Unemployment and Relief, I have had the opportunity of participating in the very extensive hearings conducted by that committee during the present session of Congress. A vast amount of important and revealing information has been secured relating to the problems of unemployment and relief, the causes and remedies for depressions, and, in particular, the causes which have contributed to the present recession now so seriously disturbing our national industrial equilibrium.

If I may be permitted to do so, I should like at this time to submit for the consideration of this honorable body some of the results of our investigations, as well as some of the important and significant deductions which I believe may be logically drawn therefrom.

Mr. President, the pending recovery bill contains provisions authorizing the appropriation and expenditure of huge sums of our national funds.

Naturally, the appropriation and expenditure of such enormous Federal funds, in the face of our already unbalanced

Budget and mounting national debt, can only be justified by the soundest considerations of public policy and by the most convincing proof that such a measure will undoubtedly accomplish the purposes intended, and, in fact, that the ends sought to be attained by this program can in no other manner be substantially achieved.

It has been repeatedly charged in both houses of Congress by the opposition party that this theory of spending public funds for priming the pump has already been tried and has proven a complete failure, and that we should not be asked to venture such great stakes upon it again. It is, of course, highly important—yes, absolutely essential—that we should be sure that the theory is right before we proceed further. It is vigorously asserted, as I have already stated, that it will result only in failure, and that we are risking our national solvency, the credit of our Government, and the future of our system of currency. It is argued that since 1933 the national debt has been increased by over \$20,000,000,000 in a futile attempt to stimulate industrial activity and restore to gainful employment the millions of workers released from industry following the crisis of 1929. It is obvious that this presents a grave economic, financial, and political problem which forebodes great danger to our country in the event the theory proposed turned out to be wrong.

Inasmuch as the Senate committee to which I have just adverted has given a most serious and lengthy study to these problems, I deem it of importance that Senators should have the full benefit of those studies in considering the issue we are now called upon to decide. As a member of that committee, Mr. President, it is my individual judgment—and I think I can demonstrate the accuracy of my assertion—that this attack on the pending measure cannot be sustained in any degree; that, on the contrary, this proposed recovery measure fully meets all of the strict conditions which I have mentioned, and, in fact, constitutes the only effective means of meeting and combating this most perplexing problem of unemployment and industrial recession.

I think it may be safely stated that no reputable economist or business or industrial leader of the country would have the courage to assert that the bill should not pass. No other reasonable alternative can be offered, and, manifestly, there can be no other way to fight this recession and relieve the widespread human suffering and distress resulting from the rapidly mounting unemployment conditions of the country. Indeed, even a failure to promptly pass this measure might imperil the very continuance of our present economic system. A failure to act promptly would permit the present extremely threatening conditions to grow into a national crisis and panic that would be very difficult, if not impossible, to overcome. It is obvious that if the rapidly increasing unemployment in the country is not quickly relieved, we will soon witness widespread and serious human distress; and panic conditions could very easily develop, spreading bankruptcy and ruin across the Nation.

Already we see the situation becoming desperate in such industrial centers as Chicago and Cleveland. In Cleveland the W. P. A. roll has increased from 20,000 to 70,000 since last October. In Chicago the roll has jumped from 50,000 to 120,000. In my own small State of Montana the W. P. A. quota has been increased by thousands. The great copper mines and smelters of my State have almost completely suspended operations, and urgent and angry demands are pouring in for relief. The Governor of Illinois has just convened the State legislature to meet a very critical situation in that State which might well become a panic. Thousands of unemployed in Chicago are now being fed in bread lines, with the mere necessities of life supplied by the Surplus Commodities Corporation. In Toledo hungry relief clients recently took possession of the relief offices in their efforts to secure assistance. Similar threatening conditions will most certainly develop in other large industrial sections of the country as the days pass. Certainly no right-minded citizen should lightly undertake to play politics in a situation of this kind.

Mr. President, it is my judgment that the spokesmen of reactionary interests in this country are making a pathetic display of themselves in pretending to think and assert that this bill should be defeated. Actually, they know that it must pass and that it will pass, but they seem willing to take advantage of the situation and desire to play a little politics at this time in an effort to smear and discredit the administration by casting doubts on the program and assuming and pretending to charge that our original recovery program has been proven a failure.

Let us examine the facts. Many of the Nation's distinguished leaders in business and finance, as well as economists and sociologists, appeared before our committee and expressed their views on the progress our country has been making since 1933 under the present administration. The various economic reforms and social improvements which President Roosevelt has advocated and carried through since 1933 were extensively discussed and analyzed. They quite uniformly expressed approval of the many important measures which have been enacted providing necessary and far-reaching reforms and benefits to business, agriculture, industry, and finance, as well as materially advancing the social welfare of the people. In some instances they suggested amendments and improvements, but on the whole not one witness advocated the repeal or even a serious modification of the philosophy of any of these salutary measures.

Such measures as the Wagner Labor Relations Act, the Securities Exchange Act, the Agricultural Adjustment Act, the National Bituminous Coal Act, the Home Owners' Loan Act, the Federal Housing Act, the new Slum Clearance Act, the Federal Deposits Insurance Act, the Rural Electrification Act, and the Soil Erosion Act were all recognized as having accomplished effective and far-reaching benefits. Even the lowly, much-abused National Industrial Recovery Act was in nowise repudiated as an honest effort to stabilize industry, and it was frankly admitted that it had accomplished important results before it was finally declared invalid. They uniformly approved the Federal Public Works program, so satisfactorily and honestly administered by the Secretary of the Interior, Hon. Harold L. Ickes, as well as the efforts of the administration to care for the unemployed under the very able and efficient direction of Harry Hopkins, of the Works Progress Administration. Both of these Federal agencies have, in addition to efficiently relieving the distress of unemployment, added immeasurably to the wealth of the Nation since 1933. There is not a city or community in the country which does not boast of important projects adding greatly to its educational, cultural, or physical welfare. Dotted all over the land are great regenerative projects, such as dams, reservoirs, power plants, highways, bridges, and structures of every conceivable kind adding immeasurably to the comfort, welfare, and happiness of the people of the country. Mr. President, this country has advanced farther along the lines I have discussed during the few years of the present administration than it would have advanced in 50 years of alleged prosperity under the old regimes.

Representatives and spokesmen of industry appearing before the committee were unable to offer any legitimate or effective criticism of New Deal legislation or Government policies relating to these matters I have mentioned, nor did any of them seriously contend that any of this reform legislation has been found to be in anywise detrimental to business. On the contrary, they uniformly endorsed the philosophy of this sort of legislation and, in some instances where they were not in complete accord, they nevertheless found it impossible to offer any valid criticism or objection.

For instance, one of the Nation's outstanding bankers, Mr. Winthrop W. Aldrich, chairman of the board of the Chase National Bank of New York, freely acknowledged that business, finance, and industry in this country had been to blame for failing to carry out proper and necessary reforms in the interest and welfare of the country and the protection of our citizens. In the course of his testimony he had expressed some apprehension over the adverse effect of the

capital-gains tax and the undistributed-profits tax on industry causing a slowing down of the capital market and creating a feeling of uncertainty. He also very weakly criticized the administration's policies on the power utilities, and expressed concern over the regulations and restrictions imposed on Wall Street by the Securities and Exchange Commission, but upon interrogation he freely acknowledged that the Government had acted properly and wisely in enacting legislation designed to regulate and control the security exchanges of the country. Upon being directly interrogated on the subject of the regulation of the securities exchanges, the record shows his testimony at page 533 to be as follows:

Senator MURRAY. And you believe, do you, that the Government was justified in its policy of regulating the stock exchanges?

Mr. ALDRICH. Definitely.

Senator MURRAY. And you have had no objection to the measures that have been put in force for the purpose of regulating these stock exchanges of the country?

Mr. ALDRICH. Not in the least, as far as their purpose is concerned.

Senator MURRAY. You realize, of course, that it was the evils in the investment field, the evils that obtained in the stock exchanges of the country, that contributed largely to the great depression that came upon the country?

Mr. ALDRICH. I do not think there is any question about that.

Again, on page 535 his testimony is as follows:

Senator MURRAY. All of those evils that existed in Wall Street prior to 1929 were under the control of the stock exchange and under the control of the banking business of the country, and they could have regulated themselves if they had seen fit to do so; isn't that true?

Mr. ALDRICH. Yes; I should think that was true, if they had appreciated the fact that the abuses to which you refer might exist. Of course, some of them were not anticipated by anybody, I believe.

Senator MURRAY. They made no effort whatever to regulate the evils of the stock exchange, and permitted the country—

Mr. ALDRICH. Oh, I don't think that is true. I think the stock exchange made great efforts to regulate the practices on the exchange. I am not an expert on the stock exchange, but just from general knowledge I should say that.

Senator MURRAY. Well, as a result of the way the stock exchange was operated it was possible for investors of this country to have been looted out of billions of dollars prior to 1929; isn't that true?

Mr. ALDRICH. Well, I wouldn't think that was so. I think that there were a good many abuses, both in finance and on the stock exchange, and I think there were many cases of tragic failures of judgment and some cases of failures of personal integrity, but I wouldn't want to see the statement made as broadly as that.

Senator MURRAY. And, of course, that resulted in creating a feeling in the minds of the public generally that it was dangerous for them to have anything to do with the investment business in New York.

Mr. ALDRICH. Well, my feeling about that is that it is the best thing for the country that the exchanges and markets should be regulated by the Government. I am not against Government regulation. The public should have full confidence in dealing on those exchanges; at the same time I do not think that the regulation should go so far as to in any way hamper the usefulness of the exchange.

Senator MURRAY. But it should go far enough to prevent the general public from being defrauded by the manipulations of the stock exchanges.

Mr. ALDRICH. Senator, I do not think there is any responsible person who does not think that.

Mr. Aldrich also expressed opposition to the theory of guaranteed bank deposits. The record of the hearings on page 534 shows the following:

Senator MURRAY. For instance, the very first act that was established by the present administration was the act bringing relief to the banking business of the country.

Mr. ALDRICH. That is correct.

Senator MURRAY. That was Public Act No. 1.

Mr. ALDRICH. That is correct.

Senator MURRAY. And that had a tremendous effect in reestablishing confidence in the country.

Mr. ALDRICH. Absolutely.

Senator MURRAY. The Guaranteed Deposits Insurance Act has had a tremendous influence in establishing confidence on the part of the people of the country in banks.

Mr. ALDRICH. Well, I am not so sure about that. I, personally, am opposed to the theory of guaranteed bank deposits, but a great many people would say "yes" to that.

Senator MURRAY. Well, prior to the enactment of that act we had thousands of banks failing in the country practically every year, did we not?

Mr. ALDRICH. Yes; that is true.

Senator MURRAY. Just prior to the advent of the present administration.

Mr. ALDRICH. That is correct.

Senator MURRAY. And since the enactment of that act that situation has been cleared up and we do not have those bank failures any more.

Mr. ALDRICH. Well, I don't know whether that is brought about by the provisions of the Federal Deposits Insurance Act. I would be inclined to think that the situation has been such that conditions have not arisen in which those banks would be liable to fail. I do not say that the Federal Deposit Insurance Act has not been a contributing factor to the confidence of the public in those banks. I personally do not happen to agree with the economic theory of that act, but I would not want to say, either, that it prevented banks from failing, because I don't know whether that is true or not; I doubt it.

Senator MURRAY. But it has been given general credit in the country for that?

Mr. ALDRICH. That is correct.

Senator MURRAY. Not only by depositors but by bankers.

Mr. ALDRICH. That is correct.

Other representatives of finance and industry appearing before the committee in addition to Mr. Aldrich expressed themselves in favor of repeal or modification of the capital-gains tax and the undistributed-profits tax, but none offered any criticism legitimately reflecting on any of the legislation of this administration.

For example, Bernard M. Baruch, financier, of New York, said he thought the capital-gains tax should be amended so as to allow losses to be deducted, and that the undistributed-profits tax should be amended so as to allow accumulation of sufficient profits to meet the needs of prudent business administration. He suggested that the social-security payroll tax now in operation should be replaced. This suggestion was based upon the ground that the more expensive we make labor by means of taxes the greater will be the tendency to replace men with machines.

He approved in general the entire program of the administration for economic reform and social welfare. He expressed no criticism of any of the New Deal legislation but suggested studies and amendments wherever justified. He criticized monopoly, and asserted that monopolistic abuses should be regulated out of our economy. He pointed out that business must cooperate to eradicate its own abuses and that it should meet sympathetically the effort of the Government to eradicate those abuses which require Government action to destroy.

Mr. Baruch held that we must meet the needs of our unemployed and that while we had spent twenty billions to that end, that money could be replaced. He said it would "sink into insignificance" if we could succeed in saving the morale of our people and their ability to fend for themselves, and that it was the duty of business, capital, and labor to cooperate with the Government in the solution of these problems. His testimony was constructive and helpful.

The record of these hearings may be searched and it will be found that the only vital and specific advice or recommendation offered was for the repeal or modification of the tax on undistributed profits and the modification of the tax on capital gains. It was claimed that if Congress could be induced to take this course there would be an immediate and effective response from industry and that it would have a tremendous effect on the restoration of confidence and industrial activity.

The committee, in its preliminary report to the Senate, expressed accord with those proposals as an aid and encouragement to business. I personally doubted the wisdom of going so far in the modification of the taxes, and I think sound arguments could be advanced against such extreme action; but it was thought important to make some effort to remove the alleged cause of business hostility toward the Government. The Congress has since passed the revenue bill, substantially carrying out these recommendations; and I submit that this constitutes the strongest proof of the desire of Congress to do everything that is necessary, legitimate, and appropriate to aid industry.

I think the entire record of the administration has been one of helpfulness toward business, if the realities of the situation could only be understood. The Banking Act of 1933 and the handling of the banking crisis by the President were certainly in the interest of business and finance. That act, together with the Guaranteed Deposits Insurance Act,

has given us the soundest and safest banking system in all the world. The Securities Exchange Act is an act for the benefit of the investment security business, and has restored the confidence of the public in the security exchanges to a very large degree. I can hardly think of an act in the whole program of New Deal legislation that is not, in some of its implications, actually benefiting industry and finance. These acts are simply correcting the flagrant evils of our economic system and making it possible to retain our profit system.

The committee in its preliminary report makes the following statement:

The committee is of the opinion that the enactment of revenue legislation along the lines contained in the Senate bill will be exceedingly helpful at this time. The committee, however, does not believe that the permanent solution of the unemployment problem is quite so simple, and, therefore, intends to pursue its inquiry in the hope that as a result of further study under more normal conditions, it can make recommendations broader in scope than those contained in this report and which will be more helpful to the Senate in dealing with the perplexing problem of unemployment and relief.

Mr. President, I think I have successfully demonstrated that industry has not been hampered or improperly interfered with in any manner by the reforms and social legislation which the present administration has enacted, and it is plain that the alleged "fog of fear and uncertainty" we have heard so much about has no foundation in fact. It is a mere figment of the minds of the privileged few who have been deprived of special advantages.

Mr. President, it is my judgment that it would be unsafe for Congress to take advice from or heed the admonitions of men situated as is Mr. Aldrich, of the Chase National Bank. Such counselors are too deeply enmeshed and involved in the matters and problems concerning which they assume to offer counsel; and I, for one, should not be inclined to trust them. It is my belief that the opinions and judgments of these biased advisers must be discounted.

I think it can be very easily established that the present recession is primarily due to the failure of industry to cooperate with the Government. I do not intend this statement as in anywise censuring industry. I think that if we all had the road to travel over again, we should probably avoid some of our serious failures of judgment and mistakes, and should act with more wholehearted cooperation. I think it can be truly said, however, that industry was misled and tricked into the course it followed by its traditional habits and policies.

When industry saw the great volume of business mounting in the country, it could not restrain its complex for profits, and immediately set about to raise prices. It failed to appreciate that we were not experiencing a normal rise in prosperity. The Government program of spending, together with the inflationary policies which had been set in force following the inauguration of President Roosevelt, created a rapid rise in purchasing power and in consumption capacity which stimulated industrial activity during 1935 and 1936. Industry should have appreciated this abnormal situation produced by Government spending and should have kept in circulation the money which was pouring into the channels of trade, restricting itself to reasonable profits, and thus maintaining the purchasing power of the people and their capacity to consume. It should not have undertaken too rapidly to siphon this money out of the channels of trade into its own treasuries.

Certainly there was no evidence of fear or lack of confidence in industry during 1935 and 1936. The facts established by the witnesses at the hearings absolutely prove this statement. Many of the witnesses pointed with great pride to the fact that in 1936 and 1937 their industries had increased beyond the high peak of 1929.

For example, Mr. Du Pont, of the du Pont de Nemours Co., pointed out that in 1929 his company employed 42,000 men. This number fell to 28,000 in 1932. His testimony in this connection appears at the top of page 270 of the record of the hearing, and is as follows:

... Subsequently, our employment showed an almost continuous upward trend, reaching 55,500 at the end of December 1936 and then rising to a peak of 59,800 in September 1937. This declined by the end of the year to 51,600, which constituted a loss

over 3 months amounting to 14 percent, and over the 12 months to 7 percent. At the peak of our employment last summer we had on our salary and pay rolls 42 percent more people than in 1929, and at the year end we were employing 23 percent more people than in 1929. Our annual pay roll at the year end was 40 percent higher, average monthly wages were 13 percent higher, average hourly wage rates were 26 percent higher, although the number of hours worked were 16 percent less than in 1929.

Mr. MINTON. Mr. President, will the Senator yield?
The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Montana yield to the Senator from Indiana?

Mr. MURRAY. I yield.

Mr. MINTON. Did not Mr. Knudsen, the president of the General Motors Corporation, appear before the committee?

Mr. MURRAY. He did.

Mr. MINTON. I think the figures show that in 1932 General Motors made \$165,000; in 1936 they made \$238,000,000; and I believe the figure was even higher in 1937.

Mr. MURRAY. That is a correct statement. I intend to refer to that matter later. As a matter of fact, practically every corporation in the United States made greater profits in 1936 and 1937 than at any time since 1929. A great many of such corporations made greater profits in 1937 than they did at the highest peak of our national prosperity in 1929.

Mr. MINTON. I wonder if the Senator will agree with me in the statement that Mr. Knudsen's company, General Motors, was one of the chief beneficiaries of the spending program, and a splendid example of what the Senator has just pointed out. The corporation took all the profits for itself. General Motors, presided over by Mr. Knudsen, paid Mr. Knudsen two-hundred-thousand-odd dollars in 1934, three-hundred-thousand-odd dollars in 1935, and five-hundred-thousand-odd dollars in 1936. The corporation did not reduce the price of its commodities to the public at all. It raised wages very little, but it raised the salaries of its own officers, and paid fat dividends to stockholders. Is not that the kind of corporation about which the Senator is talking?

Mr. MURRAY. That is correct; and the same statement applies to a great many such corporations, as I intend to show later.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Montana yield to the Senator from South Carolina?

Mr. MURRAY. I yield.

Mr. BYRNES. Does the Senator mean to say that all the corporations to which he refers made good profits last year?

Mr. MURRAY. Yes.

Mr. BYRNES. Notwithstanding the fact that pump priming had ruined the country?

Mr. MURRAY. Yes; and notwithstanding the fact that as a result of the increases in prices a considerable recession occurred in the latter half of the year. Nevertheless, the profits of such corporations during the first 9 months of 1937 were greater than their profits in 1929.

Mr. BYRNES. The pump was working pretty well.

Mr. MURRAY. Yes.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. HATCH. I think surely the Senator must be mistaken in that statement, is he not?

Mr. MURRAY. I am sure I am not. I obtained the information from Barron's, the National Financial Weekly.

Mr. HATCH. How could the statement of the Senator be true when we had both the undistributed-profits tax and the capital-gains tax during that period?

Mr. MURRAY. The profits referred to were earned after deducting the taxes. That is the reason why, in the early part of my speech, I made the remark that I was not convinced that we should agree to the repeal of those taxes. I am fearful that the repeal of the taxes will have a bad effect. Greater hoarding of wealth will be permitted by those who make excess profits, as a result of the failure of the Government to take some of the profits from them in the form of taxes.

Mr. HATCH. We even had the social-security tax during the same period, did we not?

Mr. MURRAY. We did. Notwithstanding all those taxes, enormous profits were made in 1937.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. WAGNER. I did not have the advantage of hearing the analysis which the Senator thus far has made. Has the Senator before him figures indicating a comparison of the increased profits of industry during the period of public expenditures with the increase in wages during the same period of time? As I recall, having studied the figures somewhat, there is a tremendous disparity between the increase of profits to the industries and the increase of wages during the same period of time.

Mr. MURRAY. That is correct. I have before me a photostatic copy of page 3 of Barron's, the National Financial Weekly, for April 4, 1938, which gives a list of the corporations which made greater profits in 1937 than in 1929, notwithstanding the recession in the latter part of 1937. The heading shows that another bull market is in prospect, I presume to take advantage of the new pump-priming program of the Government, unless something is done to hold things in check.

The heading at the top of the article is "130 companies whose 1937 profits top 1929." The subheading says, "Long-term earnings growth favorable augury for next bull market?"

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. LUNDEEN. May we have the article to which the Senator referred inserted in the RECORD?

Mr. MURRAY. Yes. Mr. President, I ask permission to have printed in the RECORD at this point the photostatic copy of page 3 of Barron's Weekly of April 4, 1938.

The PRESIDING OFFICER. Without objection, the article may be printed in the RECORD.

The article is as follows:

[From Barron's, the National Financial Weekly, for April 4, 1938]
ONE HUNDRED AND THIRTY COMPANIES WHOSE 1937 PROFITS TOP 1929—
LONG-TERM EARNINGS GROWTH FAVORABLE AUGURY FOR NEXT BULL MARKET?

Trust of speculative maxims is that the good go down with the bad in bear markets. A corollary, as a former editor of the Wall Street Journal put it many years ago, is that a rising tide floats up much that is found to be unsalable when the tide recedes.

Ability to distinguish between businesses which are forging ahead merely because they are caught in a stampede of prosperity and those which are supplying the impetus for the big push, is of value alike to the businessman and the investor. Securities of a growing company may work out all right even if bought at the wrong time, and are practically certain to do better than the others if bought at the right time, whereas partnership in a dying business may be unprofitable even for the cleverest in-and-out trader.

Just as a few years' experience in either a bull or bear market is no test of investment acumen, so 2 or 3 years of steadily rising or steadily falling general business provide no trustworthy gage of the inherent vitality of a business. Something, however, can be learned by comparing the status of various companies at the peaks or bottoms of successive business cycles. A company which was better off at the top of the last bull market than it was at the top of the 1929 boom may fairly be assumed to have made some independent progress.

Delving for the explanation may uncover facts which minimize the accomplishment. For instance, a company may enjoy profitless expansion by simply exchanging its securities for those of other companies on a basis which contributes nothing to its rate of earnings. But as the first step in separating the growth companies from those which are static or retrogressing, a comparison of their 1937 results with their best year in the 1928-29 boom serves to focus attention on a small enough number to make further intensive study rewarding.

Of the six-hundred-odd industrial companies which have so far reported for 1937, there are 130 which last year earned more for their stockholders than in either 1928 or 1929. Thirty-five other companies reported that their sales were higher last year than in either of the aforementioned 2 years, although their net profits were lower. In addition, there are four companies which were unable to keep out of the red in either of the best years of the twenties, but did operate at a profit last year.

The list below is a preliminary report on Barron's rapidly progressing search for the 10 fastest growing companies in the country. Probably included in it are some of the companies which will achieve that distinction, but not all of the 1937 reports

have been published as yet. And until the last reports are in, Barron's will reach no final conclusion as to which companies of all those listed or traded on the New York Stock and New York Curb Exchanges will constitute the final selection. In determining which companies are growing the fastest much more than earnings and sales comparisons—on which basis alone the accompanying tabulation was compiled—will be given consideration.

As soon as the majority of 1937 reports have been published, the companies will be rated according to a formula based on a variety of factors which indicate growth—or the opposite. Approximately 100 of the highest-ranking companies will then be subjected to penetrating analyses of all aspects of their business. Among other things, consideration will be given to benefits which the stockholders have received; in other words how well the person who bought the company's stock in 1929 has fared in income and appreciation since that time.

The present list, as previously explained, is entirely preliminary and contains all companies which earned or sold more in 1937 than in 1928 and 1929. No attempt has been made to weed out companies which were suffering recessions of their own in the midst of prosperity in 1929, but which in earlier years may have exceeded last year's totals.

Nor have companies which have expanded horizontally—that is, by acquiring other companies at the expense of increasing their capitalization—been separated from those which, like the chemical companies, have grown by developing new products and new markets and have passed along their gains to their original stockholders.

A striking feature of the list as it stands is that few of the companies which have made the largest gains since 1928-29 are the prominent, large corporations now regarded as the gilt-edged investments. Even Chrysler, whose astonishing development into one of the three biggest factors in the automobile business has come largely since 1929, is fairly well down in the list.

Special situations apparently account for many of the biggest gains. National Distillers, for example, is an unusual situation because of the boost it received from the repeal of the eighteenth amendment. The big gain in Libbey-Owens-Ford earnings is partly due to the increasing use of safety glass in automobiles. Formation of Agfa Ansco as recently as 1928, plus the current boom in amateur photography, partly explains that company's tremendous percentage gain in profits since 1929.

Reflecting the modernization program of the steel industry are the positions, well up in the list, of the two steel mill machinery companies, Mesta Machine Co. and United Engineering & Foundry, both of which have had earnings gains of well over 100 percent since 1929.

Prominent in the list are specialty companies like Van Raalte, Abbott Laboratories, and American Chicle. Here again rapid growth is generally the result of special situations rather than broad economic trends.

On the other hand, increasing farm prosperity is obviously behind the gains reported by Allis-Chalmers, Montgomery Ward, Sears, Roebuck, J. C. Penney, and others. And in the big gains by Commercial Credit and Commercial Investment Trust can be seen the increasing popularity of installment financing and the benefits of cheap money.

Metal companies, especially gold-mining companies, are well represented in the list. Obvious reasons are the world-wide increases in the price of gold since 1929 and the international armaments race. The chemical industry is also generously represented, due to the steady, solid growth of the industry rather than to temporarily favorable circumstances.

Absent from the list, although 1937 results were not far below 1929, are both big electrical equipment manufacturers, General Electric and Westinghouse. Despite the growing use of electrical appliances, these companies have not been able to compensate for the decline in new equipment purchases by the hard-pressed utilities.

Also conspicuous by their absence are the building-supply companies, railroad equipments, motion-picture companies, food stores and food processors. A few chain stores, however, made the grade by bringing 1937 earnings above 1929, despite the punitive taxation to which they have been subjected.

Listed separately are the companies which had higher sales last year than in 1928 or 1929, but lower earnings. Outstanding example of the lower profit margins caused by higher taxes and wages and increased competition is Safeway Stores, which, despite a 79-percent increase in sales over 1929, suffered a 50-percent drop in profits.

TABLE I.—Companies with net profits larger in 1937 than in 1929

A—COMPANIES LISTED ON NEW YORK STOCK EXCHANGE

Company	1937 net profit	Percent gain over 1928 or 1929	1937 sales (or total operating revenues)	Percent gain over 1928 or 1929
National Distillers.....	\$7,861,968	1,192	\$61,938,849	866
Florence Stove.....	1,247,088	459	12,726,135	318
Homestake Mining.....	7,188,854	388	19,304,076	(1)
Monsanto Chemical.....	5,162,511	351	33,202,356	(1)
Greyhound Corporation.....	4,915,475	275	44,285,505	481
G. C. Murphy.....	3,007,383	234	42,522,253	170
Associated Investment.....	3,221,038	221	149,475,874	339
Superior Steel.....	239,525	220	8,182,789	12.5
Yellow Truck.....	3,571,669	204	73,451,555	47

¹ Figures not available.

TABLE I.—Companies with net profits larger in 1937 than in 1929—Continued

A—COMPANIES LISTED ON NEW YORK STOCK EXCHANGE—continued

Company	1937 net profit	Percent gain over 1929 or 1929	1937 sales (or total operating revenues)	Percent gain over 1929 or 1929
Libbey-Owens-Ford Glass	\$10,518,918	199	(1)	(1)
Van Raaite	775,494	189	\$9,905,953	(1)
Abbott Laboratories	1,612,360	173	9,509,911	183
Douglas Aircraft	1,081,513	169	20,950,361	723
Mesta Machine	4,668,029	160	(1)	(1)
West Auto Supply	2,475,176	147	36,911,994	131
United Engineering & Foundry	4,043,644	142	(1)	(1)
Twin Coach	659,371	140	8,236,635	(1)
Phelps Dodge	\$12,740,773	137	83,128,982	80
Commercial Investment Trust	21,501,296	136	1,291,704,138	164
Wayne Pump	1,637,073	132	(1)	(1)
Dame Mines	4,116,802	132	7,484,436	(1)
International Nickel	50,299,624	126	(1)	(1)
Commercial Credit	13,593,119	126	933,354,332	111
Noranda Mines	9,274,636	116	19,881,751	82
Square D Co.	1,062,773	111	2,923,042	(1)
Owens-Illinois Glass	9,351,627	110	91,581,003	(1)
National Supply	7,857,500	108	19,064,247	(1)
Minneapolis-Honeywell Register	2,929,249	104	15,810,213	154
Container Corporation	1,784,104	95	25,268,327	(1)
Coca-Cola	24,681,616	94	(1)	(1)
Warren Foundry & Pipe	567,911	94	3,234,079	27.2
Household Finance	6,382,155	89	(1)	(1)
Omnibus Corporation	1,654,808	88	(1)	(1)
Alaska Juneau	1,911,286	87	5,516,414	(1)
Phillips Petroleum	24,113,874	83	120,237,648	133
Allis-Chalmers	7,841,167	81	87,353,616	93
Allen Industries	362,268	79	6,404,528	205
Hinde & Dauch	1,451,636	75	15,827,355	21.2
American Chicle	3,619,078	72	(1)	(1)
United Carr Fastener	1,064,447	72	7,072,009	(1)
Eaton Manufacturing	2,568,960	71	(1)	(1)
United Carbon	2,350,486	68	9,272,231	114
Chrysler Corporation	50,729,211	64	769,807,839	105
Mandel Bros.	413,925	63	19,377,723	24.9
Celanese Corporation	4,461,227	51	(1)	(1)
National Steel	17,801,893	51	145,933,348	(1)
Spiegel, Inc.	2,571,403	49.6	56,117,734	135
Mueller Brass	4,801,891	48.3	4,853,528	18.8
Lerner Stores	2,003,616	44.6	39,551,065	107
J. J. Newberry	\$2,255,454	41.4	\$90,315,454	81
Scott Paper	1,254,281	40.5	13,843,542	79
Panhandle Products & Refining	212,050	40.0	4,043,498	(1)
United States Smelting, Refining & Milling	6,653,324	38.0	36,262,384	(1)
American Rolling Mill	8,231,335	34.7	114,857,600	63
Ruberoil	750,569	33.9	10,619,241	(1)
American Metal	4,345,186	33.6	(1)	(1)
Kalamazoo Stove	914,516	33.1	7,597,391	85
J. C. Penney	16,575,164	33.6	275,375,164	31.1
Bloss Sheffield Steel	1,474,827	31.6	(1)	(1)
Hazel Atlas Glass	2,897,606	31.1	32,693,196	(1)
Plymouth Oil	2,935,342	31.0	7,687,053	33.8
Howe Sound	4,753,044	29.9	(1)	(1)
Diamond Match	2,111,959	29.8	(1)	(1)
Doehrer Die Casting	969,294	26.1	12,369,778	(1)
P. Lorillard	2,277,036	25.5	75,962,586	(1)
United States Tobacco	3,462,687	25.0	(1)	(1)
Texas Pacific Coal & Iron	983,303	24.9	3,957,975	(1)
Addressograph-Multigraph	1,950,802	23.8	14,514,557	(1)
Lee Rubber	596,319	22.8	13,769,152	24.6
Air Reduction	7,326,835	22.7	(1)	(1)
International Business Machine	8,082,513	21.9	31,787,241	(1)
Ludlum Steel	1,120,422	21.8	13,054,202	68
Union Carbide & Carbon	42,782,128	20.6	(1)	(1)
Byron Jackson Co.	1,262,924	20.8	(1)	(1)
Peoples Drug	1,059,602	18.6	22,353,144	43.9
Thatcher Manufacturing	1,084,844	17.8	6,593,880	31.8
Sun Oil	9,544,085	15.9	133,323,263	(1)
Congoleum Nairn	2,524,929	15.3	(1)	(1)
Melville Shoe	1,873,896	13.1	38,155,438	49.7
Texas Corporation	54,574,319	13.1	370,672,259	(1)
Du Pont	88,031,943	12.6	286,043,075	(1)
Skelly Oil	6,488,346	12.1	41,483,607	(1)
Columbian Carbon	4,466,249	11.2	15,736,247	24.3
W. T. Grant	3,401,725	11.2	90,959,920	43.4
Borg Warner	8,348,089	9.6	(1)	(1)
Montgomery Ward	10,210,029	8.6	414,090,544	55
Parke Davis	9,068,304	8.2	(1)	(1)
Inland Steel	12,665,317	8.0	110,744,037	(1)
American Brake Shoe	3,410,798	5.6	(1)	(1)
Timken Detroit Axle	1,811,247	4.2	(1)	(1)
McKesson & Robbins	3,667,325	3.8	174,672,229	24.1
Armstrong Cork	5,157,887	3.6	(1)	(1)
Sears, Roebuck	\$3,828,248	2.5	\$37,242,403	21.0
Chile Copper	22,378,866	2.4	46,549,931	20.6
Hercules Powder	4,440,273	1.8	44,558,501	35.1
Pure Oil	11,403,805	1.6	119,087,644	55
Eastman Kodak	22,347,345	1.4	136,114,878	(1)
American Seating	636,746	1.3	8,418,561	-3.9
S. H. Kress	5,856,447	.6	87,871,478	28.2

1 Figures not available.

2 1937 earnings before depletion; 1929 earnings after depletion.

3 Listed Montreal Stock Exchange.

4 Years ended Nov. 30.

5 Year ended Jan. 31, 1938.

TABLE I.—Companies with net profits larger in 1937 than in 1929—Continued

B—COMPANIES LISTED OR TRADED ON NEW YORK CURB EXCHANGE

Company	1937 net profit	Percent gain over 1929 or 1929	1937 sales (or total operating revenues)	Percent gain over 1929 or 1929
Agfa Anseo	\$723,025	3,510	(1)	(1)
Chicago Flexible Shaft	1,120,947	323	\$7,392,171	(1)
Aluminium Ltd.	8,482,046	256	(1)	(1)
National Oil Products	438,249	226	6,677,742	(1)
Edison Bros. Stores	714,782	210	23,764,677	529
Pressed Metal of America	372,995	189	(1)	(1)
Tilo Roofing	528,702	184	3,985,788	84
Veeder Root	1,055,975	180	(1)	(1)
Bridgeport Machine	529,685	159	6,716,892	101
Minn. Min. & Mfg.	3,419,578	150	(1)	(1)
Reed Roller Bit	1,941,152	142	(1)	(1)
Margay Oil	489,043	138	(1)	(1)
National Auto. Fibres	494,685	138	6,171,177	506
New Process Co.	330,438	136	(1)	(1)
Hazeltine Corporation	549,293	128	1,116,555	17.6
American Cyanamid	5,268,255	126	(1)	(1)
Pitney-Bowes Postage Meter	614,791	125	3,079,499	(1)
Molybdenum Corporation	575,472	112	8,333,989	303
Easy Washing Machine	317,558	109	(1)	(1)
Fanny Farmer	803,936	81	6,040,135	64
Colt's Patent Fire Arms Manufacturing	1,161,946	69	(1)	(1)
Hygrade Sylvania	868,064	67	9,417,035	(1)
Carnation Co.	1,810,391	64	58,565,071	(1)
Greif Bros. Cooperage	674,630	60	(1)	(1)
Pittsburgh Plate Glass	18,287,969	57	(1)	(1)
New York & Honduras Rosario Mining	887,004	54	2,203,125	(1)
American Potash & Chemical	2,336,319	50.0	6,971,131	63
Nehl Corporation	958,542	48.1	3,615,800	-2.7
Hollinger Consolidated Gold Mines	5,187,481	41.7	5,076,814	48.3
Muskegon Piston Ring	403,383	34.5	(1)	(1)
Safety Car Heating & Lighting	1,561,174	31.8	(1)	(1)
Heyden Chemical	612,324	26.9	(1)	(1)
Derby Oil & Refining Corporation	426,823	26.8	4,762,601	17.8
Fedders Manufacturing	343,596	22.4	6,713,602	-10.1
Steel Corporation of Canada	4,180,097	18.1	(1)	(1)
Michigan St. Tube	429,778	11.8	(1)	(1)
Bunker Hill & Sullivan	2,590,461	11.1	22,635,991	(1)
National Container	311,931	10.1	3,065,285	30.0
General Fireproofing	1,147,558	5.5	9,830,546	4.1
Universal Products	461,218	4.5	(1)	(1)

1 Figures not available.

TABLE II.—Companies with larger sales but lower earnings in 1937 than 1929

A—COMPANIES LISTED ON NEW YORK STOCK EXCHANGE

Company	1937 sales, or total operating revenues	Percent gain over 1929 or 1929	1937 net profit	Percent loss from 1929 or 1929
Consolidated Aircraft	\$11,907,493	279	\$462,959	65.0
Safeway Stores	381,868,220	79	3,078,047	50.0
American Home Products	25,711,195	89	2,875,399	14.0
American Zinc	14,122,055	71	184,390	69.0
A. Hollander	4,821,356	59	189,863	19.2
General American Transportation	45,935,454	52	4,542,655	30.2
Neisner Bros.	22,420,935	48	967,042	5.6
Glidden Co.	54,052,233	41	2,542,793	14.2
Cannon Mills	41,028,722	40	2,231,759	46.1
Jewel Tea	23,277,440	38	1,452,120	14.1
Loft, Inc.	10,036,231	38	1,972,704	-----
Kennecott Copper	148,550,441	27.5	49,822,394	4.3
Allegheny Steel	36,573,418	26.5	1,813,707	45.3
Bigelow Sanford	29,309,102	22.5	562,613	77.0
Caterpillar Tractor	63,183,487	22.0	10,168,689	12.3
Kimberly-Clark	27,249,788	21.8	2,360,517	27.9
McGraw Electric	5,884,314	20.5	944,526	24.1
Continental Steel	19,723,904	18.0	814,553	32.8
Pet Milk	29,702,594	10.4	699,155	23.0
Best & Co.	16,192,540	7.3	1,227,680	2.9
Crosley Radio	18,735,450	7.3	1,376,915	-----
Wheeling Steel	90,455,381	6.5	4,238,488	47.0
Raybestos Manhattan	24,087,999	5.0	1,924,880	40.0
General Foods	60,069,629	3.9	9,206,275	53.0
Yale & Towne Manufacturing	18,948,286	1.1	1,326,080	18.9
Pacific Mills (Massachusetts)	47,881,648	.6	2,073,763	-----
Link Belt	26,643,840	.5	3,232,373	7.2

B—COMPANIES LISTED OR TRADED ON NEW YORK CURB EXCHANGE

Company	1937 sales, or total operating revenues	Percent gain over 1929 or 1929	1937 net profit	Percent loss from 1929 or 1929
Axton-Fisher Tobacco	\$19,254,815	271.0	\$241,068	53.7
Iron Fireman	6,538,992	111.0	711,460	7.8
Katz Drug	9,846,809	78.0	178,184	57.5
Schiff Co.	13,503,836	47.0	378,270	24.3
Lion Oil Refining	10,555,066	38.0	945,334	20.9
Weyenberg Shoe Manufacturing	8,699,000	19.2	159,967	51.2
David Pender Grocery Co.	17,415,661	9.4	74,798	74.0
Aluminum Industries, Inc.	2,882,020	4.1	9,726	95.3

1 Deficit.

TABLE III.—Companies which had losses in 1929, profits in 1937

Company	Earnings, 1937	Deficit, 1929
Seaboard Oil Co.	\$2,447,130	\$144,520
National Gypsum	687,428	188,887
Heywood-Wakefield (Curb)	481,580	251,247
Bellanca Aircraft (Curb)	120,265	109,148

Mr. LUNDEEN. I hope that the able Senator will print that in full. I will say to the Senator that it has been my contention all along that the superwealth of this country has not been doing its full share in taking care of the terrific unemployment and relief burden.

Mr. MURRAY. That is true.

Mr. MINTON. There has been a sit-down strike of wealth, as it were.

Mr. LUNDEEN. Yes; as the Senator from Indiana well suggests, there has been a sit-down strike of wealth. They should be compelled to do their part. For instance, when we find more than 5,000,000 persons between 16 and 25 years of age out of school and out of work, and then compare the statement the Senator is so ably making as to the great wealth of the country escaping while many children are not even able to go to school and thousands are unable to obtain food, clothing, and housing, it is about time that we direct our attention to this very important subject.

Mr. MURRAY. Mr. President, the Senator is exactly correct. This mania for profit on the part of industry is the prime cause for all our difficulties. It was the cause of the depression in 1929 and it is the cause of the present depression. Whenever prices get out of bounds the purchasing power goes down, and we necessarily have recession and depression.

The profit of the Du Pont Co. in 1937 was 12.6 percent greater than the profit made by that company in 1929, which was the peak period of American industrial prosperity. That certainly does not look as though the Du Pont Co. was operating under any cloud or fog of fear and uncertainty during 1935, 1936, and 1937.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. MINTON. Is the Senator in possession of figures that would answer the question of the junior Senator from New York [Mr. WAGNER] a while ago as to what was the percentage of increase in the wages of labor in 1937, to which the Senator just referred, compared to the wages in 1929?

Mr. MURRAY. I have not those figures with me, but I have seen them. One of the arguments that has been made frequently is that prices were increased by the corporations because of the advance of the wages of labor. That is not true. The advance of prices occurred before wages were increased. Wages had to be increased in order to give labor a purchasing power to enable it to cope with the conditions that were developing because of the rise of prices. As a matter of fact, the rise in prices was away beyond anything necessary to compensate for the rise in wages. I have those figures though I have not them with me at the present moment. Nevertheless, Mr. Du Pont, notwithstanding the profits made by his company, criticized the capital-gains tax and the undistributed-profits tax which we have been discussing. He was a strong advocate of the doctrine of fear, and thought that Congress should do something to dispel this fog of uncertainty.

Upon being directly interrogated, he testified as follows (Record of Hearings, p. 283):

Senator MURRAY. Notwithstanding the fact that, as a result of the policies of the present government, there has been a tremendous upturn in business, up to the spring of 1937?

Mr. Du Pont. I think that is true. There has been a very good upturn.

Senator MURRAY. You never expected that?

Mr. Du Pont. I did not expect it?

Senator MURRAY. At all events, since the inauguration of the present administration you have always been fearful that the policies of the present administration were detrimental to business prosperity in the country, have you not?

Mr. Du Pont. In the long run; yes, sir.

Senator MURRAY. Notwithstanding the fact that you have discovered that, as a result of the administration's policies, there has been a tremendous improvement in business conditions in the country.

Mr. Du Pont. For the 4 or 5 years; yes.

It will be seen from the testimony of all these representatives of finance and industry appearing before our committee that in 1936 and early 1937 business conditions and reemployment were rapidly advancing. All that was necessary for continued recovery was honest and unselfish cooperation, but, unfortunately, there was a lack of that necessary spirit of cooperation. Industry, in its interminable quest for profits, began to make unreasonable advances in prices and otherwise failed to observe good judgment and sound economic principles. This is exactly what caused the recession in the recovery we were experiencing.

The present recession follows the classic analysis of the 1929 depression made by the Brookings Institution. The testimony presented before our committee thoroughly establishes the conclusion that the unbalanced prices which developed in 1936 and 1937 caused the recession. Robert W. Irwin, furniture manufacturer, of Grand Rapids, Mich., testified directly that the recession was caused by the maintenance of artificial prices; that buyers of goods went on a strike because prices went too high. He said what we needed was a return to free competition and that this could be done only by enforcement of antitrust laws. Here is an impartial witness from the ranks of industry frankly acknowledging the cause of the present recession. Many other witnesses corroborated him. Prof. Paul H. Douglas, of the University of Chicago, testified that the monopoly fixation of prices which was clearly shown by undisputed facts is the major cause in the present recession as well as in the 1929 depression. Prof. Alvin H. Hansen, of Harvard University, testified to the same effect.

It appears, therefore, from this general study of the testimony, that while the Government was seeking by the expenditure of billions of dollars to create purchasing power and stimulate industrial activity in the country, the leading industrial and business enterprises moved in to take advantage of the Government spending and enrich their own treasuries. Practically all the leading industries began to raise prices shortly after the public-works program began. As prosperity began to return, wild excitement and speculation on the stock exchanges followed and very soon, as a result of the excessive prices and the profits being made by the big industries of the country, the new boom began to develop. This urge to raise prices is nothing new. Adam Smith 160 years ago shrewdly remarked:

People of the same trade seldom get together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.

A statement issued a short time ago by the National City Bank shows that the corporations of the country during 1936 and 1937 rapidly increased earnings and dividends. This is now corroborated by recent income-tax returns showing the enormous profits of corporations in 1937. Records of these earnings have been published establishing the fact that practically all the American industrial corporations made enormous profits in 1936 and in 1937, and finished in 1937 with the highest earnings since 1929 and some greatly in excess thereof. Scores of corporations broke all previous records for earnings.

Mr. LUNDEEN. Mr. President—

Mr. MURRAY. I yield to the Senator from Minnesota.

Mr. LUNDEEN. Would it be a fair question to ask why the administration did not take in hand the question of these corporation profits? Why did we not move in on these people who were walking off with these huge profits?

Mr. MURRAY. Of course, there would be criticism by the critics of the present administration of what they call "planned economy." They do not want interference with business, and any attempt to interfere with business would raise a tremendous howl across the country. It seems to me, in view of the facts that have been developed, that something must be done to prevent a repetition of the debacle

that appears to have developed from the last pump-priming effort.

I mentioned a moment ago that Barron's, the National Financial Weekly of Wall Street, in the issue of April 4, 1938, shows that 130 listed corporations had profits in 1937 which were ahead of all the previous high records of 1929. The metals had a record year in earnings as did steel, oil, aluminum, machinery, chemicals, and the automobile industry. In fact, all the heavy industries show high records for earnings for 1937.

Building material prices advanced so high as to stifle the building program of the country, and the railroad equipment prices, too, were raised so high that the railroads were compelled to abandon their program for railroad repairs and improvements. While the Government was engaged in priming the pump with a national public works and work-relief program, involving the expenditure of billions of dollars, they were all engaged in skimming the cream off the Government spending.

About the middle of 1936 they began the move to run up their prices as the Federal Government poured millions into public works, and in 1937 they jacked up their prices to inordinate heights. A terrific race followed to fill consumer inventories engendered by fear of a continued rise in prices. At first, industry could not execute its orders, but as inventories filled up, business slackened off and unemployment began. When the inventories were completed, of course, the factories and manufacturing concerns of the country began to lay off their men, and, as they laid off their men, of course, the depression was bound to develop. By the boosting of unit prices, the sum of the prices of mass production goods became greater than the total monetary purchasing power available in the pockets of the consumers. The result was that when these prices were so boosted and maintained, and the monetary income, or purchasing power, of the consumers was not increased, but, on the contrary was decreased by laying men off, there was not sufficient purchasing power in the country to buy the output of American industry and agriculture at the prices charged.

The critics of the administration simply cannot get away with the charge that business fell off because of any alleged unreasonable attitude of the Government or alleged attacks being made by representatives of the Government on business or industry. A desperate and despicable effort is being made by the reactionary interests of the country to confuse and befuddle the minds of the people in connection with this recession. Millions of dollars are being expended in flooding the country with this malicious, lying propaganda.

It is asserted that business interests had become alarmed and frightened by the interference of the Government in business and that capital investment ceased. It is, of course, true that there was a failure of capital investment, but that was not the immediate cause of the recession. These charges about business being frightened are based chiefly on the Utility Holding Company Act, the Securities Exchange Act, the Labor Relations Act, and the proposed wage and hour bill now in Congress. Certain interests, of course, have been hurt by these vitally necessary measures of regulation and reform and, as a result, these interests are seeking to discredit the entire administration program. It is to be inferred from their contentions that we are now witnessing a sit-down strike of capital against the administration. I challenge anyone to point to a single provision of these measures which have been enacted that is not justified from every standpoint of economic wisdom and social necessity.

These charges regarding fear and uncertainty of business have been manufactured by expert propagandists and they cannot be sustained in any legitimate degree. Our Special Senate Committee on Unemployment and Relief had before it witnesses from all over the country who discussed unemployment and the causes of the present recession. Their testimony completely explodes that fictitious theory of fear and uncertainty on the part of business, and in general demonstrates that the unbalanced prices of 1936 and 1937 were the principal and immediate factor in creating the decline. To attempt to place any blame on the Government,

on the basis that industry was frightened by its policies, is simply vicious propaganda.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from North Carolina?

Mr. MURRAY. I do.

Mr. BAILEY. I am very much interested in the Senator's analysis.

I just understood him to say that building up inventories brought on the present unemployment. The reverse of that is bound to be true—that in building up inventories, people were employed; were they not?

Mr. MURRAY. They were employed; yes.

Mr. BAILEY. We must give businessmen credit for the employment which resulted in the production of the inventories. The Senator, however, would not expect businessmen to keep on in that way. He gives them credit for building up inventories and creating employment, but he would not require them to keep on doing that, would he?

Mr. MURRAY. No; but I blame them for not reducing their prices, and for raising their prices in the first instance, to such an excessive degree as to compel their customers to engage in a race to fill inventories, in the cases of many of them, away beyond their necessities, for the mere purpose of avoiding the higher prices which they anticipated.

Mr. BAILEY. But, on that point, the Senator would expect manufacturing enterprises to sell at a reasonable profit?

Mr. MURRAY. Yes.

Mr. BAILEY. Is there evidence here that the industries received more than a reasonable profit in the years mentioned, 1936 and 1937?

Mr. MURRAY. Yes, there is; because the record shows that they made more profits in those years than they did in 1929. Their profits in 1936 and 1937 were higher than in 1929.

Mr. BAILEY. Let us see about that. In 1937, 40 percent of American corporations made nothing. The Senator would not hold against them that they charged excessive prices, for they made nothing. That is true?

Mr. MURRAY. That is true.

Mr. BAILEY. In the same year others made an average of 10 percent. That is true, is it not?

Mr. MURRAY. I am not informed on that subject.

Mr. BAILEY. I can tell the Senator that the figures were 10.47 percent; but, after all, the 10.47 percent in 1937 would hardly be a test. We cannot test the profits of the corporation, or person, or anybody else, by that. The profits of corporations in the United States for the past 10 years would not average 2 percent on the book value of the capital. What has the Senator to say about that?

Mr. MURRAY. I have no quarrel with the Senator's contention in that regard, except that I maintain that the prosperity of 1937 was created by Government spending, and that it was the duty of the corporations to restrain themselves from attempting to make excessive profits to store away in their treasuries out of Government spending; that they should have waited for normal times to return; that the situation was an abnormal one, and it was the duty of the corporations to cooperate with the Government and keep the money in circulation by giving lower prices to the consumers and higher wages to the workers and smaller earnings to themselves until the country was in a position to resume normal production and go ahead with prosperity.

Mr. BAILEY. The Senator will agree that the corporations did pay higher wages to the workers.

Mr. MURRAY. They did.

Mr. BAILEY. And the Senator will agree that they did pay very much higher taxes, a greater volume of taxes.

Mr. MURRAY. Yes; they did.

Mr. BAILEY. Higher wages to the workers and higher taxes to the Government would almost necessarily predicate a rise in retail prices, would they not, if taxes and wages come out of the prices of commodities?

Mr. MURRAY. Not necessarily. With the advances in technological improvements some of the corporations were

able even to pay the higher taxes and the higher wages and still make higher profits.

Mr. BAILEY. Yes; but the matter comes down to this: Notwithstanding all the improvements, a certain number of the corporations made 10 percent and a fraction in 1936 and 10 percent and a fraction in 1937; but the average for the 10 years was less than 2 percent. The Senator would not say that when a man who had been making only 2 percent for 6 or 8 years found that after all that time there was a tide of business it was wrong to get his profit up to 10 percent. He would have to have some sort of level, and certainly 2 percent is not a fair base.

Mr. MURRAY. If these were normal times I should not quarrel with the Senator, but the corporations had no right to bring 1936 and 1937 into the period of 10 years to which the Senator refers for the purpose of estimating the earnings they should have. The condition was an abnormal one. The Government was spending enormous sums of money for the purpose of putting people back to work and stimulating industry. The industries should have recognized the situation as an unusual and an abnormal one and should have been satisfied with lower prices and should have cooperated with the Government in putting men to work. They could have done that by restraining themselves from raising their prices.

The Brookings Institution has made a study of this subject and has arrived at the conclusion that the royal road to prosperity in this country is for the corporations to allow wages to be raised without raising prices, and that in that way, and only in that way, are we going to have prosperity in the country. We have to spread purchasing power. We have to get the money out in the hands of the people and enable them to buy the things the manufacturers are making. Some of the big manufacturers of the country are beginning to realize that they will not succeed by exploiting labor; that their success will be brought about by improving the condition of labor, and increasing its wages, and putting its members in a position where they can buy things, and not by attempting to hold down their wages.

Mr. BAILEY. What interested me was that we had the increase in wages; the Senator agrees to that; we had the increase in employment; the Senator agrees to that; but in the midst of the increase in wages and the increase in employment we had the most precipitate slump in the history of the country.

Mr. MURRAY. Yes; we did.

Mr. BAILEY. Now the Senator says that the great increase in employment and increase in wages and sales and some profits was due to public spending.

Mr. MURRAY. Yes.

Mr. BAILEY. The public spending is just as great now as it was last year at this time. How does the Senator reconcile that simple fact with his theory?

Mr. MURRAY. The Senator says public spending is as great now as it was at that time?

Mr. BAILEY. It is greater. We are spending more per month now than we were spending last year at this time. If public spending would make prosperity, we should still have prosperity.

Mr. MURRAY. The trouble is that when the downward spiral is once started, it requires a long-time effort to get it back in line again. The corporations should not have allowed the drop to come. As I say, by putting up their prices, and creating a fear of inflation in the country, they encouraged the consumers to fill their inventories and overstock themselves; and then, when inventories were completely filled up, the corporations immediately began to lay off men. Take the case of General Motors: I forget how many thousands of men they laid off at one time. In my State of Montana, miners were laid off by the thousands. The corporations did not attempt to carry on as they did in 1929 by waiting to "get around the corner," but they immediately laid off their employees, and of course that immediately precipitated a recession.

Mr. BAILEY. I should explain to the Senator that they probably did not repeat that effort, and wait as they did in

1929 to "get around the corner," because in 1929 they discovered that the corner was not anywhere near.

Mr. MURRAY. That is true.

Mr. BAILEY. Very well. Now let us go back to the proposition. Let us take a definite case.

What we call gray goods in the textile industry, produced in my section of the country, were selling last August at 6½ or 7 cents a yard; but the mills were making, after all, only 3½ percent on the total turn-over, the whole volume. Three and a half percent on the whole volume of sales would not account for any great profit or any great increase of prices.

Mr. MURRAY. No.

Mr. BAILEY. I think the Senator will agree to that.

Mr. MURRAY. I think the textile industry is in a class by itself.

Mr. BAILEY. We may take it as typical. All of them have fallen together. They are down about 35 or 40 percent. Steel is down even more.

Mr. MURRAY. But the textile industry immediately reduced its prices, whereas the steel industry and the aluminum industry and the copper industry and the others did not do that.

Mr. BAILEY. Steel is down 50 percent. It is down from \$22 to \$11, and still it is not selling. That is just my point. Gray goods are down from 6½ to 4 cents, and still they are not moving. That is just the point.

I want to get just one fact before the Senator. There is the reduction in prices. The expenditures by the Government are as high as ever. In view of that condition, how can the Senator say that our trouble is either with prices or that there is a failure of expenditures? Shall we not have to find another remedy for our difficulties?

Mr. MURRAY. I should not say that the expenditures are as high as ever.

Mr. BAILEY. Let me say to the Senator that that statement has been repeatedly put in the RECORD. It was put in by the Senator from Virginia, and has not been challenged.

Mr. MURRAY. The statement had reference to W. P. A., but not to P. W. A. That was entirely discontinued. In addition to that, certain deflationary forces were put into operation by the Government at the time the boom was developing, because it was felt that we were getting into a runaway boom, and the Government raised the discount rate, and made other regulations, as well as sterilizing gold, which tended to hold down the boom.

Mr. BAILEY. The Senator is taking the view at this point, then, that perhaps the precipitate slump was due to the action of the administration authorities, first in sterilizing gold, and second in increasing the reserve rate. I do not take that view, but I should like to know if the Senator does.

Mr. MURRAY. I do not take the view that the Government did those things for the purpose of creating a recession, but it did them for the purpose of preventing a runaway boom. Prices were going up, and people throughout the country had been complaining about the rapidly advancing prices.

Mr. BAILEY. Was it not said at the time that it meant a rise of commodity prices, specifically from the Senator's State?

Mr. MURRAY. Yes.

Mr. BAILEY. Is the Senator going to take the view that this sudden and surprising collapse was brought on by the action of the Federal Reserve Board?

Mr. MURRAY. That contributed to it.

Mr. BAILEY. The Senator thinks it did have some effect?

Mr. MURRAY. I think it had a contributing effect. The laying off of thousands of men throughout the country, the cessation in buying, and the Government's action, all combined, I think, to bring on the condition.

Mr. BAILEY. I wish to be fair about it; I do not think those actions had anything to do with the depression in prices or in bringing about the recession. There is a general impression that there was a psychological effect, and I cannot judge about that. But let me call the Senator's attention to one other fact. When the Federal Reserve ratio was lifted we still had extra reserves of \$875,000,000. According

to all calculations, that was ample. But the significant fact is that those reserves continued to increase, and when the depression struck last September, they had increased to a billion and a half, so the trouble could not have been in the want of reserves.

As to the gold, gold was sterilized by nonnegotiable notes instead of issuing currency for the gold. That has had precisely the same effect. It prevented the reserves from rising to from two to three billion dollars. But if we were not using \$1,600,000,000, what use did we have for the other? I am thinking that as a matter of fact there may have been some psychological effect, but there was no substantial effect, and I am not inclined to think any mistake was made, except in the little matter of a gesture. I do not believe that brought on the depression, however.

Mr. MURRAY. I do not think it did either. I think it was more psychological, as the Senator has stated.

Mr. BAILEY. I greatly appreciate the Senator's courtesy in yielding, and I do not want to take his time, but since this subject has been brought up, I should like to say that the recession is here because we are depending upon public spending, and we are bound to have a depression so long as we do. There is nothing substantial in it, there is no energy in it, there is no vitality in it, and I should like to see our country get out of it, and see us going in the direction of American enterprise and American investment, and away from this artificial attitude.

Mr. MURRAY. I do not believe anyone will disagree with the Senator on that point. I think we all feel the same way about it. The Government spending is not intended as a permanent matter, of course, in order to keep industry going. It is merely to stimulate industry up to the point where men may be put back to work again. Industry was supposed to take hold from that point on, but it failed to do so.

Mr. BAILEY. That is just the point; it was intended to stimulate, and when it ceases to stimulate, why continue it? That is the point.

Mr. MURRAY. Business has just neglected to carry out its function. Industries have started the psychology of fear and uncertainty in the country, and they are spending millions of dollars to spread across the Nation the idea that the country is in danger, that something is wrong with the present administration, that our form of government is to be changed, and so forth. We cannot pick up a newspaper in the United States without reading propaganda designed to discredit the present administration. Most of these criticisms are designed and intended only for the purpose of belittling the present administration, and making it appear that its efforts have been a failure.

Mr. BAILEY. The Senator may be perfectly correct in his opinion as to the motives of others. The men to whom the Senator refers may be spending millions of dollars by way of some sort of propaganda; but I am not spending any money in doing that, I am not carrying on any propaganda. I am satisfied that this country is in danger. I am not blaming that in a political way against anyone. I am terribly distressed about it.

The trouble is that the American Government, by its Congress, is spending by the billions money which we do not have and cannot raise, and any government that does that for 8 years in succession is in the gravest sort of danger. I am terribly alarmed, and I am going to let my alarm be made known. I do not like to be an alarmist, but when a man is alarmed he has the right to express his alarm, and to give his views.

Mr. MURRAY. I may say to the Senator, in answer to his remarks, that we had before our committee some of the ablest industrial leaders of the country, some of the smartest businessmen of the country—

Mr. BAILEY. And I read what the Senator said about them. He said he was amazed at the paucity of their ideas. Is that correct?

Mr. MURRAY. That is correct. They said that they knew of no reason whatever for this depression, that they

were completely surprised at the depression, and had absolutely nothing to offer to bring about a recovery.

Mr. BAILEY. I am not going to trouble the Senator further, but that brings up just one thought. Sometimes the best thing one can offer is a negative. When one is taking the wrong medicine, the man who comes and tells him to take no medicine at all is probably his best friend. If the Government is depending upon public spending, and is going to criticize business because the public spending does not produce prosperity, and that in light of the fact that in the whole history of the world public spending has never produced prosperity, but always produced the opposite, then the time has come when someone should say that perhaps the remedy lies in stopping the public spending, quitting the competition with business, and saying to business, "Now, we depend on you," as the President said in his message the other day, "We will give you a free hand."

Mr. HATCH. Mr. President, if the Senator from Montana will yield to me a moment, I should like to ask the Senator from North Carolina a question. The remarks he just made provoke it. Would the Senator from North Carolina say to the people of the country now, at this time, that he would be willing to accept the responsibility of discontinuing all public spending today?

Mr. BAILEY. Is the Senator ready for an answer?

Mr. HATCH. Yes.

Mr. BAILEY. I am glad to state my views. If I had the power, I would tell the American people tomorrow that this Government would see to it that no one suffered, that we were not going to have starvation, we were not going to have misery, that we would spend enough relief money to accomplish that purpose, but that beyond that the Government would cut down its expenses, reduce taxes, and balance its Budget, and give American enterprise the chance which it must have before we can judge it adversely. That is plain enough, I believe.

Mr. HATCH. It is plain enough, I may say to the Senator from North Carolina, to indicate to my mind that he does not mean what he says when he states he would discontinue public spending.

Mr. BYRNES. The Senator from North Carolina did not say that.

Mr. BAILEY. I should like to make it perfectly plain. I would not spend a dollar on what is called "public works."

Mr. MURRAY. Why not?

Mr. BAILEY. Wholly because that is the artificial means of doing that which can be done successfully only by the real and substantial means, and the further we go with it the worse off we will be. We may tide ourselves over 6 months, but we have to build a prosperity that will last for years.

Mr. BYRNES. Mr. President, will the Senator from Montana yield?

Mr. MURRAY. I yield.

Mr. BYRNES. As I understood the Senator from North Carolina, he did not make the statement as the Senator from New Mexico understood it. I think the Senator from North Carolina stated that he would spend enough money to see to it that not one person in this land was hungry.

Mr. HATCH. That is what I said the Senator said. The Senator from North Carolina, and every other man who speaks on this floor and condemns this program, if faced with the issue, would say that public spending must continue.

Mr. BYRNES. Mr. President, if the Senator from Montana will yield again, I should like to ask the Senator from North Carolina a question. If we spend enough money to insure that no person in this country goes hungry, how can we balance the Budget?

Mr. BAILEY. I think we can balance the Budget even with that. I am sorry to take the time of the Senator, but if he will allow me I will attempt to answer.

Mr. MURRAY. I yield; but I should like to complete my remarks.

Mr. BAILEY. We do not have to spend ten or eleven billion dollars a year, as we are now spending, and no one will seriously contend that we have to. We do not have to spend

\$2,250,000,000 a year to keep people from starving. The evidence is that we are spending at the rate of a thousand dollars a year for each man on relief. That is \$82 a month. We do not even have to do that. We are wasting a great deal of money. We do not have to spend for public works; we do not have to build great and useless nonprofit making institutions; we do not have to compete with private enterprise. Now I come down to the root of the matter. We do have to provide against the possibility of men, women, and children suffering in this country.

If we get down to that basis, and if we put the administration of the Government on an economical basis, we can perhaps bring expenditures within the tax revenue, which I judge to be six billion to six and a half billion dollars, according to the estimates for this year. I hope the estimates will not exceed those figures.

Mr. SCHWELLENBACH. Mr. President, I ask the Senator from North Carolina whether in his opinion it should be done by direct relief of by work relief?

Mr. BAILEY. I think we are going to be obliged to have some of both. I think in all probability the so-called direct relief ought to be handled by the States, and in cases where the States are unable to provide the funds, the administration of relief might be handled through the States.

With respect to work relief, if some work projects can be found which are noncompetitive and are inexpensive and require a small amount of outlay for the raw material used, it would be better to have the work relief, because a little work is better than no work at all. But wait, Senators. There is no use to make work. The made work in this country is doing the country a great amount of harm. It is better to have men idle than to fake a lot of work. Have I made myself clear to the Senator about that? I should not go fully one way or the other with respect to methods. However, I would put the whole of Government relief and the whole Government scheme with respect to the thing on such a basis as to assure the American people that, after 9 long years, we are making steady progress in the direction of a balance of the Budget of the Government, upon which the credit of every one of us depends.

Mr. SCHWELLENBACH. Mr. President, let me say to the Senator from North Carolina that my impression, throughout the period of time I have been in the Senate, and up until last year, when the matter of relief came up last spring, was that money could be saved, that we could get by with smaller appropriations for direct relief, or could turn it over to the States and have them administer it; but the figures simply do not bear that out. I will say frankly that for the first couple of years I was in the Senate I thought the Works Progress Administration was a very extravagant way of handling the matter. I do not know whether the Senator remembers that when this matter was last before the Senate for consideration I presented figures which seemed to show that it would be very much cheaper, so far as administrative costs of direct relief were concerned, simply to have the States distribute money than to have work done and require the purchase of materials, and yet it was found that administrative costs of the States not only were not decreasing as the result of their experience, but were increasing, and they were almost four times what the administrative cost of W. P. A. is and has been.

Mr. BAILEY. That may be so. I am not holding a brief for State administration. I am not arguing that point. I said distinctly that I thought the direct relief might be administered by the States and through the States. The other relief, the overload—and we are carrying that only to the extent of 3,000,000 out of 12,000,000 unemployed—might well be carried by the Federal Government. I am not objecting on that point. Let me call the Senator's attention to the pending joint resolution. We are discussing relief. If the Senator will read through the joint resolution he will find that millions upon millions of dollars are diverted from relief into the Departments, and with no view whatever of taking care of the suffering men and women. Has the Senator read the measure?

Mr. SCHWELLENBACH. Yes; I have read it.

Mr. BAILEY. Will the Senator agree with me about that?

Mr. SCHWELLENBACH. Yes; I will agree with the Senator about that. But perhaps this is not an answer to the question.

Mr. BAILEY. Seventy-five million dollars is provided for the Youth Administration.

Mr. SCHWELLENBACH. I happen to know something about that.

Mr. BAILEY. I am not objecting to it, but I am saying that the joint resolution is not wholly a relief measure.

Mr. BYRNES. The Senator will agree that the money provided for the Youth Administration is given only to young men whose families are recipients of relief.

Mr. BAILEY. I am not denying that at all. I am not saying that that is not a good thing. I am not saying that it would not be a good thing for the United States Government to send every man, woman, and child in the country to some college or university; but I am saying that that is not relief for suffering people. That is not preventing privation.

Listen, Senators. We give the Treasury Department \$18,000,000. We give the Department of Commerce \$325,000,000. We give the Procurement Division \$5,500,000. We give the Department of Justice \$1,714,000.

Mr. MURRAY. Mr. President, I am sorry to interrupt the Senator, but I should like to proceed with my statement.

Mr. BAILEY. I thank the Senator for having yielded to me. I will not interrupt him further. However, if there is such need to take care of the people of this country and prevent suffering, why are we diverting this money into the administrative Departments, which do not relieve anyone?

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. BYRNES. Of course, the Senator knows that when an amount is appropriated to the Treasury it is appropriated for the purpose of checking and keeping the accounts of the expending Department, and so forth. No Senator would urge that the relief money should be spent without some money being provided for administrative purposes; in the case of the Treasury, for the drawing of checks and keeping accounts; in the case of the Procurement Division, for buying the materials that are used in many instances.

Mr. BAILEY. But the Senator will agree that the appropriations to these Departments are in addition to the 5 percent of the total sum allowed for administration, and the 5 percent is \$70,000,000. Is that not enough to administer the work and keep the books?

Mr. BYRNES. Mr. President, the Senator knows, I am sure, that the books are kept in the Treasury.

Mr. BAILEY. Why should not a portion of that 5 percent allowed for administration be used in the Treasury Department, and thus save the money allotted to the Department in the bill?

Mr. BYRNES. Because 5 percent is put as a ceiling upon administrative expenses of W. P. A. From the beginning it was determined that it would be wise accounting procedure to have the work handled through one organization in the Treasury. It was the unanimous opinion of the subcommittee which heard the controversy that in innumerable instances money has been saved by reason of the wonderful organization which the Treasury has developed. Checking the accounts with the individual workers throughout the Nation is a tremendous task. Unlike P. W. A., under which the Government does business with the contractor, in W. P. A. the Government does business with the individual, and in checking the expenditures to see that there was no duplication of distribution, in quite a large number of cases it was found that through error there was a duplication in the payment of checks. The expenditure of money in the manner to which the Senator refers is a wise expenditure, and has saved millions of dollars to the Treasury.

Mr. BAILEY. Would not the Senator agree with me that these extra expenses might be taken out of the 5 percent instead of providing for them on top of the 5 percent? Is not \$70,000,000 enough to administer the expenditure of

this money, and for the bookkeeping, and the inspection, and anything else that may be needed in connection with it? If so, we would save \$5,000,000 to prevent suffering in America.

Mr. MURRAY. Mr. President, I submit that the record of these hearings absolutely and conclusively establishes the success of the Government's spending program. It conclusively proves that, as a result of the Government spending, prosperity was returning by leaps and bounds, and would have continued had it not been for the failure of industry to exercise sound economic judgment and moderation in the matter of prices. It seems clear from the record, and I think it is now admitted by most of the leading economists of the country that the present recession is chargeable primarily to this failure of industry to exercise restraint in its quest for profits. That is the simple, unvarnished truth.

Even Leonard P. Ayres, the well-known economist-banker of Cleveland, Ohio, a spokesman for the financial interests who certainly is not biased in this matter, concedes that it was the unbalanced price situation which caused the recession. He said (p. 354, Unemployment and relief hearings):

In 1936 and in the early part of 1937 business was active and, in the main, increasingly so. Prices were advancing rapidly. Businessmen increased their inventories; and, in view of the sustaining demand for the goods that they made, or in which they dealt, they made commitments further ahead than they normally had made, or would make. Probably it is true that they were actuated in doing this by the strong demand which, perhaps, was in no small degree accentuated by the large bonus payments.

Again, he said:

Last spring there were many warnings about prices rising too far and too fast.

It appears that when these inventories were filled, business began to drop off, and pretty soon there was a sharp and sudden curtailment in production. Unemployment began to develop.

A recession thus started has cumulative effects. Men thrown out of work buy less and hence cause trade and industry to produce and sell still less; and this, in turn, throws more men out of work, and so on. The undisputed fact is that industry had been overanxious for profit and simply priced itself out of business and the country into a recession. It failed to cooperate in the national program of recovery, thereby contributing to its own distress and injury, as well as bringing renewed misery to the country in the way of increased unemployment.

There seems to be general agreement by economists that lack of purchasing power among the masses of the people is due to excessive prices to consumers and low earnings of workers and producers. Our system of mass production can be maintained only by balancing it with mass purchasing power in the hands of the people. When prices of commodities get out of balance with the earning power of the people we have depressions.

So we find that as a result of the folly of industry, and its anxiety for profits, we are in the throes of another serious unemployment crisis. Never before in our national history have we had to face unemployment conditions of such duration and magnitude as we have been experiencing since 1929. The misery and the destitution of unemployment, once the concern of a few, now worry the Nation. Concerns that were once relegated to a few philanthropists are now bedeviling every public servant, every taxpayer, and every sober-minded citizen of the country.

This is no time for name calling. Bitter attacks on either side of the controversy serve no purpose, and settle none of our serious national problems. They have become tiresome and irritating to intelligent citizens who have regard for the seriousness of the situation confronting the country. Confidence in the Government, in Congress, and in American institutions is not encouraged by this vulgar competition in rough phrases. I have no patience with persons who bitterly assail President Roosevelt and attempt to deceive and befuddle the minds of the people. The truth of the matter is that the program of President Roosevelt for

economic reform has saved our capitalistic system thus far, and in saving capitalism it has saved democracy.

The problem of unemployment which confronts the Nation today, and which results from the evils I have discussed, must be intelligently considered and solved if our economic system is to continue. There are no new frontiers in the Nation to open up. There is no new land for the homeless and the unemployed. The new frontier today is at the door of every home in the Nation. The problem is: Can the ordinary American rediscover opportunity in our new pattern of life? That is the problem which must be solved, and I believe it must be solved by the business leaders of the country. The people, as workers and consumers, cannot solve it unaided. If we are to maintain our capitalistic system, the business and industrial leaders of the Nation must end this dishonest and indefensible attitude and go to work with the administration before it is too late.

Many of our most intelligent businessmen have already recognized these self-evident truths. A number of them appeared before our committee and candidly acknowledged the lack of reason and justice in the assaults on the administration. In previous hard times, industry expected the less fortunate to tighten their belts and go through the wringer; but now it is found that men will no longer starve quietly, and that the old leadership means both colossal taxes and possible social upheaval. It is now clearly dawning on the people of the country that markets for goods must be created by raising the living standards and the consuming power of the population, by raising up the submerged portion of our population, the ill-fed, ill-housed, and ill-clothed. Industry must come to realize that it can be saved only by benefiting and improving the condition of the workers, and not by exploiting them. There is no profit in production if there is no market in which to sell. Thus, a fair division of the profits of industry is not merely a humanitarian proposition, but it is necessary in order to assure any profits at all.

What we need now is cooperation of all the groups which make up our economic system. It is to be hoped that businessmen as a class will use their best brains in the interest of society as a whole. Unless we can provide the people of the country with increased means to buy the things they need, our mass-production system must fail.

In the face of these indisputable facts, there is absolutely no basis for the contention that the Government made a failure of its pump-priming theory. As a result of the conditions which have developed, and which are rapidly growing worse, it becomes necessary again to resume public spending. The recovery measure before the Senate is the only solution of our difficulties. It is the only manner in which industry can again be stimulated. The only criticism that can be offered is that we have delayed a trifle long in presenting it.

The necessity for priming the pump of business through public spending rests upon the tragic fact that once the spiral of declining business is set in motion, either by accidental factors or by the deliberate greed for profit, there is no force strong enough to arrest the movement of recession except the active intervention of the Government. When, as at present, we cannot rely upon the fall in wages, in prices, and in interest rates to encourage private investment; when the decline in business activity itself creates such a surplus of productive capacity, and inventories pile up through the failure of demand, it is futile to hope that automatic forces will stop the decline and initiate a movement for recovery.

When such a situation arises, the Government must do what private business has failed to do. It must put purchasing power into circulation and thereby simultaneously lift the level of production, and create possibilities for new private investment. When a sufficient reemployment of the existing industrial capacity has been achieved, private orders for replacement and new investment will start up again, and the need for Government intervention will diminish.

Critics of the spending program love to dwell upon the unbearable and crushing burden of the public debt which this program is laying upon our children and upon our children's children. The persons making this argument are quite willing to incur a large public debt burden for purposes which they approve. They weep for the children only when the Government spending is directed to the general welfare of the people as a whole rather than for their own private benefit. The men who deplore Government spending are those who were in the forefront of the war enthusiasm, and who in the Liberty loan campaigns cried, "Give till it hurts." They saw no danger then. They did not view with alarm the increase in the Government debt from one billion to twenty-six billion dollars, with the consequent increase in the interest charges from \$23,000,000 to well over a billion dollars. Thus, Mr. Aldrich's testimony before the Senate Committee on Unemployment and Relief indicated that he approved of increasing armament expenditures even if they made Budget balancing more difficult.

In almost every attack upon the Government spending program, as well as in every attack upon the New Deal administration and its achievements, the critics play up prominently the increase in the debt from its low point of \$16,000,000,000 in 1930 to its present gross total of some \$37,000,000,000. These critics conveniently forget that the debt had already risen to \$21,000,000 by March 1933.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. MINTON. The first \$16,000,000,000 of the \$21,000,000,000 was a hang-over from the World War.

Mr. MURRAY. Yes.

Mr. MINTON. The next \$5,000,000,000 was \$5,000,000,000 which Mr. Hoover spent to drive us further into the depression, and for which we got nothing.

Mr. MURRAY. Yes; the Senator is absolutely correct. The increase of \$5,000,000,000 incurred during the Hoover administration was almost exclusively devoted to the bailing-out of racketeering securities bankers. The critics also forget that against the increase of sixteen and six-tenths billion dollars from March 4, 1933, to March 31, 1938, we must offset the increase in Treasury assets, which increase amounts to almost \$7,000,000,000. Moreover, of these \$7,000,000,000, \$5,000,000,000 are in cash or in the equivalent of cash, \$2,000,000,000 in the Exchange Stabilization Fund, and \$3,000,000,000 in the general fund. The remaining \$2,000,000,000 are invested in securities held by the R. F. C. and its allied Government agencies. Thus, the net increase in the Government debt is only nine and seven-tenths billion dollars. Of this amount, however, one and seven-tenths billion dollars went for the prepayment of the soldiers' bonus, a liability recognized by Congress in 1921. If we subtract this sum, the net increase in debt incurred by the Roosevelt program of spending for relief and recovery is \$8,000,000,000.

What did we accomplish with the \$8,000,000,000? First and most important, we achieved maintenance of democracy; we restored the confidence of our people in their form of government. Second, we conserved the physical and spiritual welfare of our people. Third, we enriched our environment with vast public improvements, such as roads, bridges, sewers, schools, hospitals, recreation facilities, and the like. Fourth, we brought about the recovery in our national income.

Since our debt has not been incurred wastefully, but has been wisely invested in public improvements and in the conservation of our most precious asset, our human resources; since the debt increase has been accompanied by the working out of a rational tax policy; and since the debt burden is by all standards and comparisons a very moderate one, what is there left to weep about for our children and our children's children? The great point to remember is that we have given our children a country salvaged from ruin, a house that has been put in order. If, by some occult manipulation, we could consult the opinion of our children 30 years hence, and if we could ask them which they would prefer—a debtless government and a country in ruins, or a

government in moderate debt and a country restored through wise governmental investment—does anybody doubt that their answer would be?

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD a letter written to the President by Amos Pinchot, attorney at law, with relation to the pump-priming bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK CITY, May 17, 1938.

The Honorable FRANKLIN D. ROOSEVELT,

The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: When the American colonists revolted against the tyranny of the British Crown, it was Edmund Burke who said that the struggle for Anglo-Saxon liberty has always been fought on the battlefield of taxation. And the man who controls the money that is taken from the people in taxes is, in effect, a dictator—no matter what office he may hold, and irrespective of the form of government.

On the 9th day of May, a bill was introduced in the House of Representatives, appropriating over three billions for relief and pump priming. And, by a last-minute amendment inserted in pencil by Chairman TAYLOR, after a conference with you at the White House, the spending of this stupendous sum was made "subject to the approval of the President."

The passage of the bill in the House, on May 12, raises a very great and immediate issue. For, if this bill becomes a law, in its present form, without proper limitation upon your authority to allot and spend, it will, in all likelihood, clothe you with much of the power over the country's political and economic life, which you would have gained had the court-packing bill, the Black-Connery so-called wage and hour bill, and the executive reorganization bill all been placed on the statute books.

Your bill, Mr. President, embodying your big spending and pump-priming program, is an extremely bad bill—worse even than the other power-seeking measures you have urged on Congress. It will neither bring recovery, nor reduce unemployment. It is clearly a scheme to restore White House power by buying support in the coming elections. And, if passed, it will go far toward liquidating our two-party system of government by putting a faction of one party, dominated by one man, in control of the United States. The bill should be fought by every American who loves his country and honestly believes in democratic institutions.

RECOUPING BY WAR OR SPENDING?

Mr. President, when a nation gets into deep waters, and the people grow cold to its political leadership, there are two standard methods which, all through history, leaders have used to restore their prestige and make the people forget their trouble. One is to produce a war, or a war scare—as was done by Caesar, Mussolini, and many other resourceful rulers. The other is to spend huge sums and make the electorate dependent on and beholden to the Government. Sometimes both methods are used at once.

After, it must be conceded, grievous provocations and aggressions on the part of Japan, you made at Chicago, on the 5th of October, a remarkable speech—indeed a speech unparalleled by that of any other President—in which you asked that a nation not at war with us should be "quarantined," as a carrier of disease. And since that time administration bureaucrats and diplomats, responsive to you have been rattling the saber at short intervals and courageously offering to save the country by throwing the American people into the breach.

In January, as has been noted too briefly in the press, a secret meeting of about 50 persons took place in New York City. At this meeting were represented the General Staff, the War Department, the State and Navy Departments, the press, business, and public relations. And a discussion took place covering the disposition of the American and British Navies in a war with Japan, the methods to be used and the time it would take to inflame war spirit in this country, and the way to silence the opponents of war and to take critics of war, like Mr. Boake Carter, off the air.

On February 24, the May war-power bill was introduced in Congress, a bill which would create a complete Presidential dictatorship the moment war is declared. The May bill has been referred to by Mr. Carter as the bill to abolish American democracy.

But despite continued threats and growlings from Washington, including recent remarks of our Ambassador to Great Britain and Secretary of War Woodring, the effort to whip the country into a hate lather has, up to now, had little success for three reasons.

First, our newspapers, realizing that, after all, it is a serious business to expose our people to the horrors of modern warfare, have behaved with magnificent restraint and patriotism. Second, Japan ceased her aggressions and apologized. And, in the third place, China, getting her second wind, plus an increased supply of munitions from other nations, has turned the tables on Japan.

To restore the prestige and power of the New Deal administration, there remains the second alternative, that of enormous and rapid spending. And this is embodied in the pump-priming bill now before Congress.

RELIEF ADMINISTRATION

As to that part of your program which deals with relief for the unemployed, it will meet with little opposition. I think the country is united in demanding that they shall be looked after until they can find jobs in private industry. And surely it should be united in demanding that, in the administration of relief, the Government shall maintain a high sense of responsibility.

Relief, Mr. President, is too serious and, I may say, sacred a matter to be exploited by politicians, or used to violate a citizen's right to vote as he pleases. And, if I am not mistaken, the country's attitude toward relief spending is a simple and human one which might be expressed in a single sentence: Millions or, if need be, billions for relief, but not one cent for patronage and politics.

As to the question, raised in your message, whether we should continue, and, more than that, expand the pump-priming program, which for 4 years we have tried as a recovery measure, with little success, a wide and honest difference of opinion may exist; but on one point there is no doubt whatever. The money appropriated by Congress for relief, or, for that matter, for any other purpose, comes from the people. It belongs to the people—not to the Government. The greater part of it is raised by indirect taxes on consumers. And every cent of it should be allocated by the people's elected representatives, and spent with care for the purposes designated by them.

And, what is more, the actual expenditure of relief money should be in the hands of local, nonpartisan commissions, watched over by Congress and composed of citizens of high character who know the local needs and are chosen from all walks of life. This, Mr. President, is the custom in England, where politics in relief is almost unknown.

But giving the President and his appointees huge sums of tax money to dispose of as they please, and place here or there according to party or personal advantage, is so wrong and so unfair to those who need help, that no public servant, who is more than a politician in the less desirable sense of that word, should defend or tolerate it for a moment.

PUMP PRIMING AND SPENDING

So much, Mr. President, for relief, and for getting it out of politics. Now let us consider pump priming as a general recovery measure. And let me say right here that opposition to your continuing your effort to pull the country out of depression by vast borrowing and spending, and staggering tax burdens, does not come from partisan or reactionary sources.

It comes rather from liberal and fair-minded men and women of all classes, who have watched the course of events, and who see that, after spending fantastic sums in a 4 years' trial of pump priming—billions upon billions taken mainly from the public's pocket in taxes on the necessities and simple luxuries of life—production is still stagnant, unemployment is rapidly increasing, and the country is in many respects worse off than when pump priming began.

On Sunday, May 8, in a radio broadcast, Mr. Harry L. Hopkins, Works Progress Administrator, defended pump priming, and said that we should continue it in the future because it has proved successful in the past. Mr. President, let us see just what kind of a success it has been—and for whom? And, to answer this question, let us consult the testimony of leaders in your administration and of Mr. Hopkins, himself.

Let us first see what your pump-priming policy has done for the youth of America. During the hearings held early in May, before the House Appropriations Committee, Mr. Aubrey Williams, head of the National Youth Administration, estimated that 7,000,000 people between 16 and 25 years of age are today unemployed and neither in colleges nor schools. How shall we visualize this immense and unfortunate army of young people, who are denied opportunity in a country that is held in depression, while almost every other democracy in the world has made a real recovery and is now, economically speaking, in a normal or better than normal condition?

Mr. President, if, from a grandstand erected on Pennsylvania Avenue in front of the White House, you were to review a parade of these jobless young Americans, it would take them over 3 months to pass, marching from dawn to dark in ordinary military formation. Yet, while our new depression tragically keeps them from either making a living for themselves or helping their families, Mr. Hopkins serenely announces that we have done so well under pump priming and big spending that we should go on with it on a larger scale than ever.

And how about agriculture? At the same hearings, Secretary Wallace predicted that our total farm income for the year 1938 would drop to 10 percent below that of 1937, i. e., to \$7,700,000,000. And this sum includes benefits from the Government. Our average predepression farm income was approximately \$12,000,000,000. And, in bolstering Mr. Wallace's appeal for more money to spend, Mr. Milo Perkins, assistant head of the Farm Security Administration, said that 360,000 farm families are today bankrupt and in need of immediate aid.

Since 1929, our farmers have been short \$32,000,000,000 in their normal income. Producers of other basic commodities, lead, zinc, copper, etc., whose prices are largely governed by the same monetary forces, have had an additional shortage of \$15,000,000,000, a total deficit of income and purchasing power of \$47,000,000,000. Among these producers, representing almost half our population, is much of the lost buying power that has caused unemployment.

Meanwhile, Secretary of the Interior Ickes asks for a billion dollars to spend on 7,000 public-works projects, for the most part nonproductive, to say nothing of the projects which will be started by Mr. Hopkins through the W. P. A. This, Mr. President, is putting Government into competition with private industry for fair.

It is perhaps the longest step toward collectivism, and a totalitarian know-all and do-all state, that has been made by any modern nation with the exception of Soviet Russia. Yet this grandiose and costly excursion into socialism will concededly give work to but a small fraction of the unemployed, who would soon be put to work in private industry if confidence and a fair chance to make a profit were present.

In the same hearings Mr. Daniel W. Bell, Acting Director of the Budget, said that, while the Government had previously estimated that the deficit for the coming fiscal year would reach \$950,000,000, your present program will raise it to at least \$3,720,000,000. In other words, under your big spending and pump-priming policy, the Government's calculations have as usual gone wrong, this time to the tune of two billions and three-quarters. And informed people have expressed the opinion that, before the year's close, your program will bring the deficit to the incredible sum of \$8,000,000,000.

Meanwhile, Mr. Hopkins predicts that W. P. A. alone must take care of 3,000,000 people this winter, an increase over present figures of almost half a million. He calls attention to the fact that our national income has dropped "from a rate of \$68,000,000,000 (last year) to \$56,000,000,000 (this year)," our 1929 national income being eighty and three-quarters billions.

FACTS FROM LABOR

Leaving the testimony of administration leaders, let us turn to organized labor.

On May 2 Mr. William Green, president of the American Federation of Labor, stated, before the same congressional committee, that 3,700,000 industrial workers have lost their jobs in the last 7 months. And Mr. John L. Lewis, chairman of the Committee for Industrial Organization, said, in a broadcast to British labor, on March 15, that in the 5 years of pump priming your administration has spent twenty-two billions in subsidies to industry, agriculture, and finance, and seven billions for work and direct relief. Said Mr. Lewis:

"Thirteen million Americans are now unemployed. Their numbers are steadily increasing, as the Nation drifts with terrifying and deadly sureness to the never, never realm of financial bankruptcy, economic collapse, and human tragedy. * * * America is moving in economic reverse."

Mr. President, the foregoing facts do not seem to establish the claim that your big spending policy has been good for the country. They form, on the contrary, a grave indictment of your policy. And this indictment is not brought by the allegedly hostile press, which your spokesman, Senator MINTON, of Indiana, complains about so much. It comes for your own appointees, and from the heads of the two largest labor organizations in the country, one of whom gave half a million to help elect you.

Nor can it be argued that the collapse that has attended the application of the big-spending theory is due to any let-up in spending. For Treasury reports show that, from the time pump priming began, we have spent more and more money each year. And, but for the brief and shallow-rooted revival of 1936, which was put to flight by the deflationary action of the Treasury and Federal Reserve in the spring of 1937, your recovery policy, based on big spending and pump priming, has been a complete and tragic flop, during which we have at all times had at least half reported unemployment in the entire world.

The Government, in the fiscal year ending—

April 1, 1933, spent \$3,777,067,909.16.

April 1, 1934, spent \$4,848,004,417.51.

April 1, 1935, spent \$5,062,459,201.21.

April 1, 1936, spent \$5,337,110,459.44.

April 1, 1937, spent \$5,520,982,140.33.

April 1, 1938, spent \$5,676,045,774.10.

RECOVERY IN OTHER NATIONS

Meantime, Great Britain and 20 other nations which have followed her recovery policies—nations with a population of more than 650,000,000 people—have avoided the pump-priming and big-spending policy like the black plague, at the same time giving a wide berth to the New Deal's scarcity policies. They have not tried to reform everything—and reformed nothing. Above all, they have refrained from whipsawing business and treating anyone who produces wealth, employs labor, and makes a profit, as a public nuisance or a suspect who should be turned over to the district attorney.

Great Britain, it is true, has been laying a heavy tax of about 25 percent on the net incomes of corporations, which tax has lately been increased to meet the new armament program. But the British Government has been shrewd enough to see that, since it takes in the form of taxes a quarter of industry's profits, it is to exactly that extent industry's partner. Consequently, it encourages industry to make a profit and expand production and employment.

The British Empire Economic Conference, held in Ottawa in the summer of 1932, laid down its attitude toward business in the following words:

"The nations of the British Commonwealth should take all steps that lie in their power to increase public confidence, especially in the field of business enterprise."

And so successful has this policy proved, plus that of helping agriculture by monetary adjustment, that Lord Beaverbrook lately stated that Britain has completed "6 glorious years." In 1933 all subsidies to the building industry were withdrawn, except for limited slum-clearance projects. And even these were executed by private business.

Yet, since 1928, about two and one-quarter millions of dwellings have been constructed in England by private enterprise, only 20 percent of which were aided by public funds. England's politicians did not merely talk about the ill-housed. They housed them, by encouraging private enterprise to build 10 times as many dwellings, per capita, as we have.

Also, England and her commercial allies have kept their expenditures in balance with their revenues. They have provided adequate relief, at the same time maintaining a sound fiscal position, not as a luxury, not as an abstract theory, but as a safeguard for the future. For an unimpaired national credit is a nation's chief protection, its "Hindenburg line," so to speak, which its people must fall back on in time of war or in the emergency of depression.

And the result has been that, as seen in the March reports of the League of Nations, Great Britain's index of average employment for the year 1937 was 112.4 as compared with 100 in 1929. From the same source we gather that her average production index for 1937 was 124 as against 100 in 1929. And may I point out that, as reported by the British Government, her general production was then so high that her rearmament program provided but a small fraction of total production and employment.

Surely, Mr. President, it would seem worth while to question the efficiency of pump priming, and at least to examine the recovery policies which have served other nations so well.

MR. THOMAS CORCORAN ON PUMP PRIMING

My first close-up of the big-spending or pump-priming theory of recovery came at an early date in your first term of office, when I was a warm admirer of your administration, and of the aspirations and policies of what was then the New Deal. It was at that time that Mr. Thomas Corcoran, who had not reached his present state of eminence, and was a comparatively obscure member of your official family, asked me to meet him at the Roosevelt Hotel in New York City.

There, Mr. Corcoran told me that a vacancy had occurred, or was soon to occur, in the Board of the Reconstruction Finance Corporation. And he added that it had been proposed that I should be tendered this post. He did not offer it to me, but he inquired whether, if offered, I would be inclined to accept such an appointment.

Business conditions were almost as bad then as they are now, and I told Mr. Corcoran it would be difficult, if not impossible, for me to leave New York. Also, I pointed out that it did not seem to me that I was fitted for such a responsibility, either by training or experience. The conversation which ensued is one which I shall not soon forget.

Mr. Corcoran replied that, so far as training and experience were concerned, I need not worry. All that was required was an obstinate man who would stand up in the meetings of the Reconstruction Finance Board and oppose the policies of the chairman, Mr. Jesse Jones, who, he explained, was disposing of Government funds in a stingy fashion. And, in particular, he was refusing to part with public money unless he believed there was a fair chance of getting it back.

Such a policy, Mr. Corcoran maintained, dictated as it was by business considerations, was precisely what the situation did not demand. He said that the right way to restore buying power and bring recovery was to pour money into circulation in the greatest possible quantities and at the highest possible speed. And to illustrate his point, he remarked that the ideal thing would be for fleets of airplanes to fly over the country discharging money as they went, so that anyone needing cash could pick it up from the ground.

I do not know whether Mr. Corcoran desired his words to be taken literally or merely as an illustration of his attitude toward recovery finance. Nor is it of consequence. But, what is of consequence is that, since 1934, when the spending program really got under way, we have tried to squander ourselves out of depression instead of work and produce ourselves out, with the results which we have already noted.

When Mr. Corcoran saw that I was unable to swallow his money-dumping theory at one sitting, he departed in haste to keep another engagement. And the words he spoke on that evening at the Roosevelt Hotel were the last I ever heard from the lips of that cheerful gentleman, Mr. Tommy Corcoran, who has since become bill drafter extraordinary and adviser plenipotentiary—as well, I understand, as official guitar player—for that curious mixture of error, energy, and ambition known as the Third New Deal. "Lucky," said a French historian, "is the ruler who has a minister with imagination."

PUMP PRIMING AND MR. KEYNES

Mr. President, it is a familiar saying that few of our allegedly new devices in politics or economics are in reality new. And this is true of pump priming which in 1931 was offered to England on a comparatively modest scale by the British Labor Party and politely but firmly rejected. Indeed, it was mainly on this issue that the Labor Party, headed by Ramsay MacDonald, had its fall. On August 24 of that year the coalition ministry, under Stanley Baldwin, came in. Whereupon, while we floundered under the

New Deal, Britain proceeded to achieve a recovery of a lasting and substantial nature.

Nevertheless, despite its 1931 downfall in England, pump priming in America got its greatest impetus from a foreign source. In 1934, the British experimental economist, Mr. John Maynard Keynes, came to Washington and sold pump priming to the "brain trust," which already had its group of converts, small in number but strong in influence. And, having captured the thinking of the White House, Mr. Keynes advised the Government to levy immense taxes, plunge fearlessly into debt, and spend \$400,000,000 a month on public works and industries operated in competition with private business.

In a speech in the spring of 1934, Mr. Keynes stated that the United States had become the outstanding economic laboratory of the world. And he said he envied the young men at Washington their opportunity to test their theories on the American people.

Since then pump priming, together with the managed-economy theories, borrowed by the "brain trust" from Mr. Keynes and the British Socialists, and by the Socialists from Karl Marx, have been the twin curses which have ridden the long-suffering American people. They have kept us in uncertainty, debt, and depression, while other democracies have marched confidently forward, far outstripping us on the road to recovery.

YOUR OWN OPINION OF THE SPENDING PROGRAM

Mr. President, I realize it is often unfair to compare a man's past opinions with his present course. And yet the economic, and perhaps political, situation is today so similar to that in 1932 that your former opinion of big spending may have relevancy. In a campaign speech at Sioux City, in September 1932, you said:

"I accuse the present administration (Hoover's) of being the greatest spending administration in peacetimes in all our history—one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or the reduced spending power of the people. * * * On my part, I ask you to assign to me the task of reducing the annual operating expenses of the National Government."

And again in March 1933 you made this sweeping statement:

"For three long years the Federal Government has been on the road toward bankruptcy. * * * Upon the unimpaired credit of the United States Government rests the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of agricultural products, and the availability of employment."

And yet, despite the now demonstrated failure of the big-spending policy, your administration cleaves to it and to managed economy as a drowning man to a straw.

MANAGED ECONOMY IN BABYLON

And speaking of managed economy, Mr. President, it, too, is a product imported from the Old World, and is even older than pump priming. Managed economy was the pet hobby of Hammurabi, sixth King of the First Dynasty of Babylon, who, around 2250 B. C., reigned happily for 55 years. This enlightened ruler described himself as the Beloved of Tu-Tu, the perfect king chosen by the gods Bel and Anu to supply the people "with luxurious abundance."

From his palace he promulgated a code and regulated the price of everything, from the wage of brickmakers to the hire of a sailboat, or the fee paid a surgeon for opening a boil. Indeed, Hammurabi's code, beginning with an account of his scheme to establish pure government and "prosperity for the people for all time" and ending with a sizzling curse for his critics, was the forerunner of the N. R. A., lacking nothing but a blue eagle and a Leon Henderson.

Though Hammurabi was an ardent reformer and a humane king, he at times found it advisable to cut off the fingers and break the bones of chisellers and defeatists who did not see eye to eye with him or obey his mandate which he inscribed himself on a black diorite rock. And this business of separating willful citizens from their members applied to hands and feet as well as fingers. Thus he killed two birds with one stone, not only making the punishment fit the crime but reducing to a minimum the danger of overproduction.

Hammurabi, the Beloved of Tu-Tu, also claimed as his helper the god Adad, lord of abundance. He announced that he had "made the populace to rest in security." On the other hand, on the heads of the foolish who should oppose his rule, he called down the most dire calamities. Neither Secretary Ickes nor Senator Minton has excelled him in this respect. In a postscript to his code, he prayed that backsliders should burn "in a raging fire of swampweed," that their lands should be turned into "a heap left by a whirlwind."

And, for the information of Henry Ford, the La Follettes, and rebellious Congressmen we may note that he decreed that, if a man should defy his master, and say "Thou art not my master," he should have his ears cut off. So, we see, Mr. President, that in the habit-ridden march of time, history has a tiresome way of repeating itself. But, so far as I can discover, Hammurabi never said a mumbling word about pump priming.

THE OLD QUESTION OF POWER

Mr. President, I have often wondered whether you realize how far your philosophy has drifted toward autocratic government, that is to say one-man control, especially since your reelection and the great mandate. Since that time you have asked for a bill giving you power to control the judicial branch of our Government. You have asked for bills giving you a dictator's power over business, over labor and farm life. You have asked for power to control,

to change the functions of, and even to abolish, every agency in the Government, including the Presidency. You have asked for power to strip Congress of its most vital functions and duties.

And though some of these measures have been couched in liberal language, and often prefaced with deceptive and liberal-sounding preambles, they have, in reality, been backward-looking measures. For every inch they conceded to liberalism they took us a yard toward reaction and one-man government. And the country was right in regarding them with fear and suspicion.

Many things you did, in the early period, aroused the country's admiration and that of liberals in particular. But as time has gone by it must be said, without questioning your motive, that you have fallen more and more under the influence of men who have little patience with democracy, who hate capitalism as Cain hated Abel, and who would like to see changes in our form of government which will mass enormous powers in one supreme leader, namely, the President. And here, as I see it, is the later New Deal's most damaging effect. It is because the purposes of these men have already been half accomplished, through legislation, that enterprise is crippled and recovery stalled.

Like the dictators of Europe, you have demanded more power as you have been given more. You have gained an ever-tighter grip on Government, business, labor, and agriculture. Wages must be fixed by the Executive, hours must be fixed. The flow of industrial production must be regulated by the Government. Prices must be fixed. Our farms must be sown and reaped according to the will of Washington bureaucrats. Congress and the courts must function in fear in the far-flung shadow of the White House.

And now there must be drawn into the ever-widening magic circle of Executive control the American press, which has so honorably supported the democratic theory of life and government during the last year. It is your own spokesman, the man who is supposed to be your candidate for the next vacancy on the Supreme Court Bench, Senator SHERMAN MINTON, of Indiana, now standing in Senator Black's shoes as chairman of the notorious Lobby Committee, who makes good your prophecy, uttered to Dr. Stanley High, after your reelection, that you would "do something about the press."

For it was Senator MINTON who lately introduced the bill, greeted with such joy by the Nazi newspapers, which provided, among other things, that it shall be a felony, punishable by fine and 2 years of imprisonment, for an editor or publisher to criticize the Government or its officials by knowingly stating an untruth.

But, in no case, is your desire to seize power and more power better evidenced than in your demand for stupendous lump-sum appropriations, which you may allocate for relief and other purposes, at your personal discretion, and without interference by Congress or the States. Mr. President, people are human. And the motive of self-interest works most actively in the lean years of a depression. It is, therefore, only reasonable to expect that the groups, the communities, the millions upon millions of individuals, who will receive their share of the enormous sums—to be taken from the people in taxes by your bill and distributed by yourself and your friends—will support, at the polls, the candidates favored by you.

Not until later on will they realize what they will pay for this—pay far more than they will be getting. They will pay in bad business, in low production, and an impaired standard of living. They will pay in heavy hidden taxes on almost every necessity of life. They will pay in unemployment and low wages and incomes. For from no other source than high production can employment, wages, and incomes flow.

They will pay in the lack of opportunity and discouragement of the younger generation. And they will pay in the political corruption which the massing of money in political hands always brings. And, finally, they will pay in the loss of the finest heritage we possess, our democratic tradition, and democratic form of government.

Mr. President, I sincerely trust that not you, but your advisers, are primarily to blame for the wrong that will be done this country by giving a political faction, headed by yourself, huge sums of money to distribute in an election year. But I beg you to realize that this same system of bogus political benevolence, the system of taxing the people and giving them back their taxes—minus the politician's rake-off—is what kept New York in the grip of Tammany so long. It is the scheme that built the Vare machine in Philadelphia, the Kelly-Nash machine in Chicago, and the McNutt machine in Indiana. And it is the scheme, which in the main, won the recent primary fight by such a wide margin for your candidate in Florida, where 99½ percent of the relief money came from you.

If the lump sums contemplated in the appropriations bill are to be voted, unearmarked and not properly controlled, into the hands of the Executive, by Congress, they will Tammanyize this country, if, indeed, this has not already been done. And I appeal to you and to every citizen who loves his country and has respect for the integrity of government, to reject this plan to buy America on the hoof.

Sincerely yours,

AMOS PINCHOT.

NEW YORK CITY.

REPORT OF BOARD OF VISITORS TO COAST GUARD ACADEMY

Mr. COPELAND. I present the report of the Board of Visitors to the Coast Guard Academy, and ask unanimous consent to have it printed in the body of the RECORD.

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The PRESIDING OFFICER (Mr. HILL in the chair). Is there objection? The Chair hears none.

The report is as follows:

TO THE PRESIDENT OF THE SENATE.

TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

GENTLEMEN: The act approved April 16, 1937, authorizing the establishment of a permanent instruction staff at the United States Coast Guard Academy, provides in section 7, in part as follows:

"Sec. 7. In addition to the advisory board there shall be appointed in January of each year a Board of Visitors to the Coast Guard Academy, which shall consist of two Senators and three Members of the House of Representatives appointed by the chairmen of the committees of the Senate and the House of Representatives, respectively, having cognizance of legislation pertaining to the Coast Guard Academy. The chairmen of such committees shall be ex-officio members of the Board.

"(b) Such board shall visit the Coast Guard Academy annually on a date to be fixed by the Secretary of the Treasury."

Pursuant to the above-mentioned section, the Secretary of the Treasury designated Wednesday, April 27, as the date for the first annual visit of this Board. The membership of the Board of Visitors consists of the following:

SENATORS

Hon. ROYAL S. COPELAND, of New York, chairman, Committee on Commerce, United States Senate, ex-officio member.

Hon. FRANCIS T. MALONEY, of Connecticut.

Hon. ERNEST W. GIBSON, of Vermont.

MEMBERS OF THE HOUSE OF REPRESENTATIVES

Hon. SCHUYLER O. BLAND, of Virginia, chairman, Committee on Merchant Marine and Fisheries, House of Representatives, ex-officio member.

Hon. LINDSAY G. WARREN, of North Carolina.

Hon. EDWARD J. HART, of New Jersey.

Hon. RICHARD J. WELCH, of California.

The members of the Board, with the exception of the Honorable LINDSAY G. WARREN, of North Carolina, and the Honorable RICHARD J. WELCH, of California, who were unable to make the trip, left Washington at 8 p. m. April 26. They arrived at the academy in the morning of the 27th, and enjoyed breakfast at the home of Capt. E. D. Jones, superintendent of the academy, and his charming wife. The Board met officially at 10:30 a. m. in the Administration Building, where the superintendent of the academy briefly outlined the history of the Coast Guard Academy and explained the course of instruction. The Board discussed various matters pertaining to the academy, and then made an inspection of the classrooms and laboratories in the Academic Building. At 11:45, the Board reviewed the battalion of cadets, after which the members had luncheon with the cadets.

In the afternoon the Board inspected the academy buildings, equipment, and grounds, and observed the students exercising in boats under sail on the Thames River. Later, the Board members met cadets of all classes at a tea at the superintendent's quarters. In the evening the members of the Board dined in the officers' mess with the heads of the various departments of the academy.

The act of April 16, 1937, which authorized the Board of Visitors, also provided under section 6 thereof for an advisory committee consisting of not more than five persons of distinction in the field of education. The law provides that this committee meet at the academy, and also at Coast Guard Headquarters in Washington, for the purpose of examining the course of instruction and advising the Secretary of the Treasury relative thereto. Since the committee of educators is actively functioning in regard to the course of instruction at the Coast Guard Academy, congressional board did not make a detailed inspection of the curriculum, and accordingly makes no recommendation or suggestion in this vital matter.

The Board was most favorably impressed by every feature of the institution. The academy has a scenic location on the Thames River at New London, Conn., and is a modern establishment built in 1932, at a cost of some \$2,750,000. The Board finds that the buildings, grounds, laboratories, shops, and all other equipment are being well maintained, and believes that the Government may take great pride in the institution.

The academy faculty charged with the academic instruction of the cadets, as well as their training in practical work and discipline, consists of regular-line and engineering commissioned officers, commissioned professors, and civilian instructors. The course of study, in professional as well as cultural subjects, appears to parallel that of the best engineering colleges. But the Coast Guard cadet is in residence practically 4 full years, and, accordingly, on a semester-hour basis, completes more work than is required by the average college granting the bachelor of science degree. To a large extent this additional work covers courses in maritime and navigation law and kindred subjects.

The corps of cadets numbers from 130 to 150 per year, sufficient at this time to supply the needs for commissioned officers of the Coast Guard. Cadets are chosen after competitive examinations held throughout the country. The corps of young men impressed the Board as being a fine, upstanding, serious-minded group of young Americans, being efficiently trained for their future responsibilities.

The Board desires to make mention of the cordial reception and hospitable treatment furnished its members by Captain Jones

and the other officers of the academy. It was surprised to learn that all official entertainment is undertaken at the expense of the superintendent and other officers. The greater part of the expense is borne by the superintendent. The Board plans to recommend early consideration of a bill to authorize the appropriation of a moderate sum of money for the use of the superintendent in connection with official entertainment at the academy. Respectfully submitted.

ROYAL S. COPELAND,
Acting chairman.
FRANCIS T. MALONEY,
ERNEST W. GIBSON,
SCHUYLER O. BLAND,
EDWARD J. HART,
ELLIS REED-HILL,
Secretary to the Board.

REGISTRATION OF PERSONS EMPLOYED TO DISSEMINATE PROPAGANDA

The PRESIDING OFFICER (Mr. HILL in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. PITTMAN. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. AUSTIN. Mr. President, is this a conference report, or what is it?

Mr. PITTMAN. It is a request from the House of Representatives that the Senate agree to a conference and appoint conferees on the part of the Senate.

Mr. AUSTIN. And there has been no conference?

Mr. PITTMAN. No.

Mr. AUSTIN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to; and the Presiding Officer appointed Mr. PITTMAN, Mr. HARRISON, and Mr. BORAH conferees on the part of the Senate.

LOANS TO RAILROADS BY RECONSTRUCTION FINANCE CORPORATION

Mr. SHEPPARD. Mr. President, I send to the desk and ask to have read a brief letter from Hon. Jesse H. Jones, Chairman of the Reconstruction Finance Corporation, to the junior Senator from New York [Mr. WAGNER]. I have the permission of both the writer and the recipient of the letter to have it published.

The PRESIDING OFFICER. Without objection, the letter will be read.

The Chief Clerk read the letter, as follows:

MAY 18, 1938.

HON. ROBERT WAGNER,
Chairman, Senate Committee on Banking and Currency,
Washington, D. C.

DEAR SENATOR WAGNER: As you know, the principal purpose of S. 3948 was to provide for loans that would put railroad employees back to work, largely in the lower-paid brackets, employees who have been furloughed, discharged, or put on a part-time basis by the roads in an effort to avoid bankruptcy.

The provision for financing the purchase of equipment is important and to the extent used would increase employment. There is, however, no great demand for equipment.

Both of these provisions are undoubtedly desirable in the interests of increased employment.

The provision that would enable the I. C. C. to certify loans on a basis of security offered is also desirable, as some roads may need to borrow that can give good security but that the Commission would find difficult to certify under present statutes.

With the exception of the strictly work loans, these provisions were included in the Interstate Commerce Committee recommendations to the President.

In view of questions that have been raised about wage decreases, particularly in the lower-paid brackets, I feel your committee should satisfy itself on this question before the bill is considered.

At the hearings before the Senate and House committees representatives of railroad management and of insurance companies and other large creditors objected to provisions included in the bill which we deem necessary to protect railroad loans both heretofore and hereafter made.

Those protesting were largely the beneficiaries of our loans and come with poor grace in their efforts to deny us the right to our collateral and the representation it entitles us to.

Respectfully yours,

JESSE H. JONES, *Chairman.*

PENNSYLVANIA PRIMARY ELECTION

Mr. BRIDGES. Mr. President, the other day I spoke to this body about the endorsement of Mr. Kennedy, in Pennsylvania, by Mr. Farley. As a result of the remarks here, the statement has been made in various instances, particularly since Mr. Kennedy's defeat, that Mr. Farley in no way was speaking for the President of the United States, Mr. Roosevelt.

I read from the Evening Star of Tuesday, May 17, the day of the election. This newspaper was printed before the returns of the election were in. I quote one Philip Murray, who is the chief C. I. O. lieutenant and chief assistant of Mr. John L. Lewis:

Philip Murray, C. I. O. lieutenant, told a mass meeting that President Roosevelt "announced his endorsement of Thomas Kennedy for Governor through our national chairman, Jim Farley. I have known for 4 weeks that President Roosevelt was for Tom Kennedy."

The article goes on to make further statements, but that is the meat of it.

I merely desire, by bringing up the matter at this time, to show that many of the persons who are prominently identified with John L. Lewis and the C. I. O. movement felt that when Mr. Farley spoke, he spoke for the administration and spoke for President Roosevelt, and the precedent he was breaking in mixing in Pennsylvania politics was broken with their knowledge and sanction; and I quote as my authority this outstanding leader of the C. I. O. movement, Mr. Murray.

LONG-AND-SHORT-HAUL CLAUSE OF INTERSTATE COMMERCE ACT

Mr. WHEELER. Mr. President, I am about to send to the desk and ask to have inserted in the RECORD an article appearing in the Traffic World, entitled: "Well, Which Do You Mean?"

I desire to call the attention of the Senate to the fact that in the Railway Age of July 3, 1937, a magazine which is published by the Simmons-Boardman Publishing Corporation, the attitude of certain individuals is criticized because of the fact that they were opposed to what is known as the Pettengill bill, which proposed the repeal of the fourth section of the Interstate Commerce Act.

I read the concluding paragraph of the article which appeared in this publication on July 3. It says:

There is no consistent logical argument in the general welfare which can be made in favor of this handicap to the railroads. Its continuance hinges on nothing more than the view taken by predominant business interests in some communities strategically represented in the Senate of their immediate selfish interest. That interest is given political expression in pressure upon legislators, and the national policy thus given effect becomes, not a reasonable program to promote national economic welfare, but a device for "taking something away from the other fellow and giving it to me."

The editor of the Railway Age is Samuel B. Dunn. My information is that Mr. Dunn has been on the pay roll of the Western Railroad Association for some time as a public-relations counsel, or something of the kind.

I find in the Marine Engineering and Shipping Review for May 1938, published by the Simmons-Boardman Publishing Corporation—the same company—an article entitled "Pettengill Bill Threatens Shipping." The concluding paragraph of the article in that publication is as follows:

Certain groups, particularly the Southern Pacific and the Chicago Chamber of Commerce, which have been most active in prosecuting the fight for repeal to satisfy their own interests, would jettison an active branch of the merchant marine. Should the Pettengill bill be enacted, the eventual gain in traffic now diverted from the railroads to the water routes would prove insignificant to an industry which needs major relief and would produce an irreparable damage to another industry which is after all essential in the transportation and defense systems of the Nation.

In other words, the same man who wrote an editorial in the Railway Age in favor of the Pettengill bill wrote an editorial against the Pettengill bill in the Marine Engineering and Shipping Review, which is owned by the same company, and said that the enactment of the bill would destroy the shipping industry of the country.

Mr. MINTON rose.

Mr. WHEELER. That illustrates what my friend from Indiana [Mr. MINTON] would say about some of the newspapers of the country; they blow hot one day and cold the next, and apparently get away with it.

Mr. MINTON. Mr. President, is what I say true or not?

Mr. WHEELER. What the Senator would say about this publication would be true.

Mr. MINTON. Let me ask the able Senator from Montana, who is chairman of the Interstate Commerce Committee, if he will not agree with me in my effort to bring up the Pettengill bill, so that we may get this thing finally settled.

Mr. WHEELER. Let me say to the Senator from Indiana that three members of the committee filed a minority report on the bill. As far as I am personally concerned, I do not think any legitimate argument can be advanced and in my judgment no legitimate argument was advanced in favor of the Pettengill bill before the Interstate Commerce Committee, which held long hearings. I appreciate the fact that propaganda was put out by the railroads and the Chicago Chamber of Commerce, and I appreciate the fact that they purchased certain individuals to carry on the propaganda from one end of the country to the other.

So far as I am concerned, I intend to oppose the Pettengill bill at this session and just as long as I can stand on the floor of the Senate to oppose it. If the Senator from Indiana wants to stay here all summer long and discuss the bill, I will join him and stay here, but he may rest assured that he will stay here a long time.

I send to the desk the article to which I have referred, and from which I have read extracts, and ask to have the entire article printed in the RECORD as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Traffic World for May 21, 1938]

WELL, WHICH DO YOU MEAN?

PETTENGILL BILL THREATENS SHIPPING

[From Marine Engineering and Shipping Review (May 1938), published by the Simmons-Boardman Publishing Corporation]

Since the provisions of the bill are designed to eliminate water-carrier competition in favor of the railroads, the shipping industry as a unit logically has opposed its passage strenuously. Many isolated individuals and groups, such as chambers of commerce and trade bodies, have also voiced their opposition. Officially, members of the Interstate Commerce Commission have testified against the proposed changes and their arguments in the case have been endorsed by the steamship lines and inland-waterway operators.

Stripped of all pretense, the railroads would have the Government legislate out of existence water-carrier competition on the inland waterways as well as along and between coasts. The inland waterways carry approximately 3 percent of our domestic commerce and the railroads 75 percent. Intercoastal traffic in 1936 amounted to 8,054,266 tons, including 1,208,813 tons of oil and 1,623,537 tons of lumber, on which the railroads have never sought relief. At most, the railroads might have hoped to gain 5,221,916 tons of freight, or less than 3 percent of the 180,671,461 tons originated by the western roads in the same year. Admittedly this business could not be handled profitably at rates competitive with those of the water carriers. Losses entailed from business of this character would logically have to be made up from other sources of railroad revenue until such time as the water carrier as a competitive entity would be eliminated entirely. After that rates presumably would find their profitable level as provided by the fourth section of the Interstate Commerce Act.

The effectiveness of this railroad relief in mitigating against the steamship lines has been definitely demonstrated on the west coast where coastwise shipping has been practically wiped out. Under the present provisions of the act, at the discretion of the Interstate Commerce Commission empowered to grant relief, there is nothing to preclude the eventual elimination of water competition in other localities. The repeal move evidently is designed to assure such elimination but avoiding the necessity of going through a prescribed routine and of depending in any degree on the discretion of the interstate commerce body.

Certain groups, particularly the Southern Pacific and the Chicago Chamber of Commerce, which have been most active in prosecuting the fight for repeal to satisfy their own interests, would jettison an active branch of the merchant marine. Should the Pettengill bill be enacted, the eventual gain in traffic now diverted from the railroads to the water routes would prove insignificant to an industry which needs major relief and would produce an irreparable damage to another industry which is after all essential in the transportation and defense systems of the Nation.

SECTION 4 FOSTERS SPECIAL PRIVILEGE

[From Railway Age (July 3, 1937), published by the Simmons-Boardman Publishing Corporation]

But what must one think of the 545 local business groups which voted against a principle as fundamental to the continued functioning of free private enterprise as that at issue in the Pettengill bill? That such a minority voted as it did on this question points inescapably either to the conclusion that a substantial group of American business favors the relationship of Government to business embodied in the long-and-short-haul clause, or else that a large number of commercial bodies are composed of members who are stupid or indifferent to questions of fundamental policy and are thus at the mercy of small groups of special interests organized to "railroad" their views into statements of policy. Either conclusion—and we repeat that one or the other must be true—is sufficient evidence of an appalling lack of moral and intellectual integrity on the part of a substantial block in the business community which presents a discouraging contrast to the virility and consistency being everywhere shown by the enemies of private enterprise.

In essence, the long-and-short-haul clause is nothing more nor less than a legislative device granting partial or complete monopoly to certain business interests and certain localities. This clause, as it is applied, effectively prevents the railroads from competing for traffic for which they could compete if not impeded by political power, and thus gives their rivals a partial—in some cases a complete—monopoly. This is done with lip service, but no actual obedience to, the principle of preventing unfair discrimination. Now, no one can defend arbitrary discrimination—but rate discrimination already exists in favor (for instance) of the Pacific coast against intermountain territory by reason of the operation of vessels to the former, when they cannot reach the latter. Permitting the railroads to meet rate conditions as they find them could not possibly create discrimination, already existing in the nature of things. The willful creation of discrimination is an abuse of monopoly power and should be curbed by regulation—but discriminations which exist independent of the railroads and beyond their power of removal do not come in this category.

There is no consistent logical argument in the general welfare which can be made in favor of this handicap to the railroads. Its continuance hinges on nothing more than the view taken by predominant business interests in some communities strategically represented in the Senate of their immediate selfish interest. That interest is given political expression in pressure upon legislators, and the national policy thus given effect becomes, not a reasonable program to promote national economic welfare, but a device for "taking something away from the other fellow and giving it to me."

Mr. COPELAND. Mr. President, I should like to say to the Senator from Montana [Mr. WHEELER] that I am very anxious to return to my home in New York, but I will stay here with the Senator from Montana until the snow flies in order that the Pettengill bill may be defeated.

Mr. WHEELER. I thank the Senator.

Mr. NORRIS. Mr. President, in connection with the remarks made by the Senator from Montana [Mr. WHEELER] and also the Senator from New York [Mr. COPELAND], if I heard him correctly, that there are a great many people who will be willing, if they are physically able to stand the strain, to remain here during the summer and until the snow flies, until New Year's comes again, to assist the Senator from Montana in resisting the so-called Pettengill bill, I should like to volunteer in his army to render such service as I can in order to bring about the defeat of that bill. I hope that those in charge of the majority side will not try to force upon the country a measure which will necessitate the holding of Congress in session during a large part of the summer. I had hoped that that bill might be forgotten, or laid aside, at least, so far as the present session is concerned.

Mr. CONNALLY. Mr. President, do I understand the Senator from Montana and the Senator from Nebraska to threaten a filibuster in this body? [Laughter.]

Mr. NORRIS. No; we are going to do as the Senator from Texas did; we are going to talk about the bill a long, long time. [Laughter.] But, of course, we are not going to have any such thing as a filibuster.

Mr. MINTON. I did not understand the Senator from Nebraska to threaten a filibuster; he merely promised one.

Mr. NORRIS. No; I did neither, but the bill to which reference has been made is so vital to our country that it should not be taken up now, when we are preparing to adjourn.

Mr. BARKLEY. I thought the filibuster had not yet started, and I wanted to move that the Senate take a recess.

Mr. CONNALLY. I am very much gratified to have so many converts to the theory of full, fair, and open discussion, and to learn that the word "filibuster" is losing some of its opprobrious implications, and I hope that hereafter when we discuss matters thoroughly and fully we will not be charged with filibustering, because I know that the Senator from Nebraska would not indulge in a filibuster, and I am sure the Senator from Montana would not. They are both great liberals, and I am sure that the prestige of their names going out over the country as champions of full and fair debate will be of service in the consideration of legislation in the future as well as in connection with the Pettengill bill at the present time.

Mr. McKELLAR. I may say to the Senator from Texas that I am very greatly delighted and pleased to know that these distinguished Senators are following in the footsteps of the Senator from Texas and myself in certain procedure in the Senate about January, February, and March.

Mr. LUNDEEN. Mr. President, on June 18 next there will be dedicated in the old courthouse of the historic city of Frederick, Md., a memorial tablet to John Hanson, President of the United States in Congress Assembled under the Articles of Confederation, our first written Constitution. June 18 is a historic day for Maryland because on that date in the city of Frederick, in 1774, a call was issued to the people of western Maryland to meet in the courthouse of that city in an assembly designed to consolidate the opposition to the British Crown. That Assembly when it met on June 20, 1774, elected John Hanson to preside at that meeting.

The city of Frederick was the scene of many of the revolutionary activities of John Hanson and his associates both prior and subsequent to the signing of the Declaration of Independence.

All of Maryland, indeed, many of the Colonies, looked to the leadership of this group during the early days of the conflict and the feverish months that preceded the outbreak of hostilities.

JOHN HANSON LEADING REVOLUTIONARY SPIRIT

John Hanson was a leading spirit in this group which also organized and equipped the first Maryland troops in the Revolutionary Army.

The dedication of this memorial tablet during the commemoration of the tercentenary of the settlement of New Sweden has a special significance.

It is appropriate in commemorating the three hundredth anniversary of the first permanent settlement of the Delaware Valley to pause and pay tribute to a distinguished descendant of one of these pioneer settlers of New Sweden, John Hanson, of Maryland, President of the United States in Congress Assembled under the Articles of Confederation, our first written Constitution. He was the first President of the First Congress convened after the adoption of the Articles of Confederation, and after the surrender of Cornwallis at Yorktown.

STATUE IN THE HALL OF FAME

The position of John Hanson among the founders of our Nation has not been overlooked, although he has not received the recognition from some historians which his services to the Nation would warrant. His statue stands in the Hall of Fame in the United States Capitol by the action of the State of Maryland in selecting him as one of the two foremost statesmen from that State. The bronze likeness of this brooding figure stands in the Capitol of our Nation which he labored to create and to preserve and to whose highest office he was elevated by a grateful people.

PORTRAIT IN INDEPENDENCE HALL

The State of Pennsylvania has also recognized the services of this patriot and in the banquet room of Independence Hall, among the portraits of the founders, is a painting of John Hanson by the distinguished artist, Charles Wilson Peale.

Hanson's life has been shrouded in mystery until comparatively recent years, and even now there are incidents of his career which are still undiscovered. Hanson's biography is

yet a field for research by historians. The date of his birth has been in dispute among the historians, and likewise there has been a difference of opinion as to the date of his death. There is also some misunderstanding among the popular historians as to his position under the Articles of Confederation. He has been variously referred to as President of the Continental Congress, President of Congress of the Confederacy, and by others as President of the United States in Congress Assembled, which latter designation is the correct one. The Encyclopedia Britannica states:

Because he was the first President under the Articles of Confederation, he is sometimes referred to as the first President of the United States.

Even the guides in the United States Capitol are unable to inform the thousands of visitors who see this statue every year just why the statue stands in the Hall of Fame.

SWEDISH SETTLEMENT IN MARYLAND

The Hanson family was the vanguard of the Swedish colonists that settled in Maryland. The center of the Swedish group in Maryland was Kent Island, and from there they branched out into other parts of Maryland, but primarily to St. Marys and Charles County. The Eastern Shore of Maryland, particularly the northern part, was settled by Swedes from Delaware and Pennsylvania, at that time the colony of New Sweden.

GENEALOGY OF HANSON

It is stated in Old Kent that John Hanson was a descendant of Col. John Hanson, of the Swedish Army, who served with credit, rose to rank of colonel, became a trusted officer under Gustavus Adolphus, and was always retained near the royal person in action. While defending and attempting to shield his King, he fell slain in battle with Gustavus Adolphus at Lutzen, November 16, 1632. He left four sons, viz, Andrew, Randolph, William, and John Hanson, all of whom were taken under the immediate protection of the royal family of Sweden. In August 1642 Queen Christina placed them in the special care of Lt. Col. Johan Printz, Governor of New Sweden, with whom they came to Delaware and remained there until the year 1653, when they came to Kent Island.

HANSON FAMILY MOVES TO MARYLAND IN 1653

The youngest son of Col. John Hanson was born in Sweden in 1630 and came to New Sweden on the Delaware in 1642. He removed to Maryland in 1653 and, after a short sojourn on Kent Island, went to St. Marys and later settled in Charles County in 1656. He married Mary Hussey, daughter of Thomas Hussey, colonist of Charles County. The will of this pioneer, dated December 12, 1713 (planter of Charles County), mentions seven children, Colonel Robert, born 1680, died 1748; Benjamin; Mary (wife of Rev. William Maconchie); Anne, born January 18, 1692; Sarah; John, born 1682, died 1754; Samuel, captain, born 1685, and his grandson, Samuel Hanson.

FATHER BORN IN CHARLES COUNTY, MD.

The son, Capt. Samuel Hanson, born 1685 in Charles County (father of President John Hanson of Mulberry Grove), married Elizabeth Story, daughter of Col. Walter Story (Storer) and his wife Elizabeth Brooke. He was buried at Equality, Charles County (estate owned by son-in-law, David Stone, the inheritor of Paynton Manor, with Court Leet and Court Baron, lineal descendant and representative of Gov. William Stone, Governor of Maryland 1649 to 1654). In his will, dated October 22, 1740, he mentions, then living, his wife Elizabeth and children, Judge Walter Hanson, William Hanson, Samuel Hanson, John Hanson, Elizabeth Hanson, Charity Hanson, Jane Hanson, and Chloe Hanson, then a minor.

There are records showing the birth to Samuel and Elizabeth Hanson of the following children: Elizabeth, born November 7, 1707; Mary, born February 4, 1709; Walter, born March 11, 1711; Samuel, born July 20, 1714; William, born March 18, 1718, died September 2, 1721; John, born April 3, 1721; Charity, born August 15, 1724; William, 2d, born September 29, 1726.

JOHN HANSON MARRIES JANE CONTEE

Judge Walter Hanson (of Harwood) married Elizabeth Hoskins, daughter of William Hoskins. He was born in 1711 and died in 1773. William Hanson married Ann Hawkins and died in 1794, leaving issue. John Hanson, of Mulberry Grove, according to family records married Jane Contee. Elizabeth Hanson married Benjamin Douglas and had a daughter Elizabeth. Charity Hanson married Arthur Lee. The above records are based on the genealogy contained in Old Kent, written by Adolphus Hanson, a member of the family.

BEGINNING OF PUBLIC CAREER

John Hanson was the son of Samuel and Elizabeth Hanson, of Charles County, Md. His parents were among the persons of wealth and social position in the county at that time. He was educated by private tutors and at Oxford University, in England. His writings clearly disclose a profound knowledge of the art of government. It was natural that John Hanson should take an active part in the political life of the province, and he soon became one of the leaders in the administration of public affairs. He represented Charles County in the assembly for the years 1757, 1758, 1761, 1763, 1765, 1767, 1768, and 1773. These years were fruitful years in the political life of Maryland and indeed of the Colonies as a whole. The assembly at that time consisted of the ablest men in the colony.

THE ECONOMIC BOYCOTT

It will be recalled that the colonists in 1769 adopted the Nonimportation Acts as a measure of securing a redress of the grievances against the British Crown. Hanson was one of the leading advocates of the Nonimportation Agreement, and when the Maryland Association of Free Men was organized, he was included among the first to sign that agreement in which the signatories bound themselves by the sacred tie of honor and reputation neither to import or purchase any article then taxed or which should thereafter be taxed by Parliament for the purpose of revenue.

HANSON LEADS MARYLAND "TEA PARTY"

While Boston had its tea party on December 10, 1771, the Marylanders, in October 1769, likewise met the issue of economic boycott. A cargo of British goods was landed in the harbor of Port Tobacco on Port Tobacco Creek, in Charles County, and under the terms of the Nonimportation Agreement the citizens of Charles County, under the leadership of John Hanson, openly and without fear of detection or punishment compelled the captain of the vessel to reship the goods to England.

The leadership which John Hanson assumed at this time was continued in the fateful years which followed. He had many opportunities to display his leadership and his ability was recognized by not only the citizens of the State, but of the other Colonies as well.

MOVES TO FREDERICK

In 1773 Hanson moved to Frederick, Md., which at that time was attracting many colonists as a gateway to the West. Many immigrants of Germany and Switzerland as well as citizens of Pennsylvania settled in that community.

Hanson soon assumed the leadership of the independence movement in the county. The people of this section were already acquainted with his activities in connection with the Nonimportation Agreement. His counsel and advice was sought by the political leaders. His integrity inspired the respect and esteem of the citizens of Frederick.

In 1774 the Boston Port bill was adopted which prohibited all commercial intercourse between Great Britain and Boston. This act of retaliation on the part of the British Crown aroused the intense feeling of the people of Maryland and they quickly made a common cause with Massachusetts.

HANSON ELECTED CHAIRMAN

A meeting of the citizens of Frederick County was held at the courthouse in Frederick City on June 20, 1774, and John Hanson was elected to preside at this fateful meeting. This meeting was the nucleus of the opposition of the people

of western Maryland to the acts of the British Crown. This meeting elected John Hanson and his son, Alexander Contee Hanson, and Philip Thomas as delegates to the General Congress at Annapolis, and these delegates were also elected as members of the Committee of Observation, which committee, as its name implies, was authorized to act for the citizens in any emergency.

John Hanson was elected chairman of this Committee on Observation and he continued to serve as a chairman until the establishment of a State government when the work of the committee was completed. As a delegate from Frederick County, John Hanson attended the General Congress of Maryland at Annapolis which convened June 22, 1774, and adjourned on June 25 after adopting a series of strong resolutions directed toward an economic boycott of British goods based on nonimportation.

FREDERICK CENTER OF REVOLUTIONARY ACTIVITY

The citizens of Frederick, Md., held a further meeting on the 18th of November 1774 and John Hanson was again chosen as a member of the committee to represent the county and to carry into effect the resolutions adopted by the General Congress at Annapolis and by the American Continental Congress.

On January 24, 1775, another meeting of the citizens of Frederick County was held at the courthouse and John Hanson was again elected chairman of the meeting and was elected to serve as a member of the Committee of Correspondence, and elected to represent the county at the convention to be held at Annapolis. He was elected on the 21st of June 1775 as the treasurer of Frederick County.

CONTRIBUTES TO RELIEF OF BOSTON

One of the first acts of John Hanson as chairman of the Committee of Observation, elected by the meeting at Frederick, was to send 200 pounds sterling for the relief of the poor of Boston. This action was acknowledged by Samuel Adams in a grateful letter to John Hanson.

It soon became apparent that in order to effectively carry out the resolutions which had been adopted that more energetic measures of a practical character were required. The history of John Hanson demonstrates that he was a man of action, that he was not satisfied with mere adoption of resolutions of protest and that he had a firm conviction that it was necessary to transplant these resolutions into action. He therefore assumed the leadership in the organization of establishments for the production of gunpowder, ammunition, arms, and all kinds of military equipment. He also organized and personally equipped troops for the impending conflict.

BATTLE OF BUNKER HILL—MARYLAND TROOPS JOIN WASHINGTON

No sooner had these plans been developed when news was received of the conflict at Bunker Hill on June 15, 1775. Upon receipt of this information, Hanson and his associates proceeded to organize two companies of expert riflemen. The committee also appointed Thomas Price and Michael Cresap to organize the two companies.

Otho H. Williams was a lieutenant in command of these companies and he subsequently carved out a distinguished military career in the Revolutionary Army and became a brigadier general serving under George Washington.

These two companies, which marched out of Frederick City on June 18, 1775, arrived at Cambridge, Mass., on August 9 after traveling 550 miles in 22 days. They were the first troops from the South to join Washington's army. Their arrival induced great enthusiasm.

MARYLAND DECLARATION OF INDEPENDENCE

On the 26th day of July 1775 the Maryland Assembly convened. John Hanson was one of the most active members of this meeting and urged vigorous action on the part of Maryland. The Assembly adopted a declaration of independence, which was known as the Maryland Declaration of Free Men in which they courageously stated that they would repel force by force and that they would defend to the utmost of their capacity the Continental Congress, the Maryland

convention, the Council of Safety, and the Committee of Observation.

ORGANIZATION OF THE PROVINCIAL CONVENTION

All the power of the Government under the Association of the Freemen of Maryland was vested in the Provincial Convention, consisting of five delegates from each county, elected to serve 1 year. The executive power was vested in a Committee of Safety, elected by the convention, consisting of eight members from the western shore and eight from the eastern shore. This committee had full charge of military and naval matters.

John Hanson was made a member of the Committee of Observation according to the resolution of the convention of Maryland at a meeting of the inhabitants of the middle district of Frederick County held at the courthouse in Frederick Town on the 12th of September, 1775.

He was also appointed by the Provincial Convention on the committee to establish a gunlock factory at Frederick in addition to his duties on various other important committees.

WARNS OF BRITISH CONSPIRACY WITH INDIANS

While chairman of the Committee of Observation, John Hanson uncovered and defeated the Tory conspiracy of Lord Dunmore, Dr. John Connolly, Allen Cameron, Dr. John Smith, and White Eyes, an Indian chief. He had long suspected this conspiracy, for he wrote to Peyton Randolph, of Virginia, the President of the Continental Congress, as early as July 1775 that—

There is too much reason to believe that an expedition will be set on foot by the British and Indians in Canada against the western frontiers of this State (Maryland), Virginia, and Pennsylvania. Agents and allies of the King and Parliament, of General Gage and Lord Dunmore, it is believed in this place are now operating with the Delaware and Shawnee Indians in Ohio, and bands in Kentucky and Canada, with a view to destroy our frontier towns and desolate our homes and firesides. We are determined to keep a vigilant eye on all such agents and emissaries, but it would be highly prudent to take early measures to supply the arsenal and barracks at Frederick Town with arms and ammunition to enable the male population to defend all the inhabitants in case the emergency should arise in which it will become our solemn duty to act.

CONSPIRATORS DISCOVERED

These suspicions were duly confirmed. Hanson advised the people of Frederick County to be on their guard and the disclosure and defeat of this carefully laid plot was due to the vigilance of the citizens of Frederick. Minutemen were ordered by Hanson to patrol the country and to warn the inhabitants at the first signs of danger. Connolly, the chief conspirator, and his companions fell into the hands of one of these patrols near Hagerstown, while on their way to Detroit, and being unable to give a satisfactory account of themselves, were arrested on suspicion and taken to Frederick. The men were searched and questioned and on the following day John Hanson forwarded to the Congress at Philadelphia copies of the examinations and the papers found on the prisoners.

THE PLAN OF THE CONSPIRATORS

John Hanson and Samuel Chase presided over the committee which questioned the prisoners. It was disclosed by the examination of the conspirators that Connolly was well known to Lord Dunmore as a loyalist and that Smith was associated with the Tories. Lord Dunmore (the Governor of Virginia) had been driven from his State and had taken refuge on a British war vessel. He immediately began plotting a military action against the coasts of Maryland and Virginia. His plan was to cut off the communication between the northern and southern colonies. He entered into communication with Dr. John Connolly (Lieutenant colonel) a native of Pennsylvania; Connolly was given a deed for 2,000 acres of land on the Ohio River as an advance payment for his part in the conspiracy.

PROPOSED INDIAN UPRISING

It was proposed that Connolly should induce the Indians along the Ohio River to attack the remote settlements of Maryland and Virginia. It was further proposed that he was to raise an army at Detroit, seize Pittsburgh, and attack Maryland and Virginia from the rear. The plan called for

the establishment of a post at Fort Cumberland, and Alexandria was to be attacked from that base. The strategy was to interrupt communication between the northern and southern Colonies and compel Washington either to abandon the South or to divide his army. Connolly joined Lord Dunmore on July 25, 1775, on board the British man-of-war and the joint proposal of these two conspirators was to be submitted to General Gage for his approval. It was proposed that all citizens who would join in the movement would be granted 300 acres of land and that Connolly would be appointed in command of such troops.

TORIES AND TRAITORS

The immediate plan was for the party to go by a vessel from Norfolk up the Potomac to Port Tobacco Creek in Maryland and then to go by way of horseback to Detroit. It was proposed that Smith should pass through Pittsburgh with dispatches to a friendly Indian superintendent and other Tories at that place and then proceed down the Ohio and up the Scioto River contacting various friendly Indian tribes.

The plan then contemplated a trip to Sandusky and from there to cross Lake Erie to Detroit. It was proposed that a large force was to be collected at Detroit which was to move against Pittsburgh and the population in that vicinity was to be formed into regiments which were to be marched across the mountains to Fort Cumberland, thence to follow down the Potomac where they were to meet Lord Dunmore and then attack Alexandria. The capture of the conspirators frustrated this well-conceived plan.

AROUSING THE PEOPLE

The Maryland Council of Safety appointed Hanson on a committee to collect silver and gold from the inhabitants of Frederick County for the benefit of the revolutionary cause. The weapons for the conflict were being forged. The inevitable separation from the mother country and the creation of a free and independent government was apparent to Hanson as it was to the leaders in other States, and they engaged their talents, their eloquence, and their energy to impress the people of this situation.

Congress urged the county committees to assemble the freemen to express their sentiments on the issue of freedom and to arouse the people to instruct their delegates in convention to remove the restrictions which the convention had placed upon them.

HANSON SPEAKS FOR MARYLAND

The freemen of Frederick County, under Hanson's able leadership, adopted a resolution which stated:

That what may be recommended by a majority of the Congress, equally delegated by the people of the United Colonies, we will, at the hazard of our lives and fortunes, support and maintain, and that every resolution of the convention tending to separate this province from a majority of the Colonies, without the consent of the people, is destructive to our internal safety.

Samuel Chase, who chafed under the restrictions laid down by the instructions of the Maryland convention, when he read the fearless resolution of Frederick County, notified John Adams, on June 21, 1776:

Read the papers and be assured Frederick speaks the sense of many counties.

MARYLAND ADOPTS HANSON'S RESOLUTION

The resolution of the freemen of Frederick was adopted in principle by the Convention of Maryland on the 28th of June, and the Maryland Delegates in Congress on the Fourth of July, 1776, voted with the other Colonies for independence.

John Hanson was appointed on October 9, 1776, on a commission which was authorized to reorganize the Maryland troops already in service upon a new basis and to induce additional troops to enlist for the period of the war. The commissioners were authorized and directed by Congress to appoint the officers of the new battalions with the advice of Washington.

MARYLAND BECOMES A FREE STATE

The Convention of Maryland on the 10th of November adopted the Declaration of Rights and Constitution of Maryland. By the terms of this new constitution, Maryland ceased

to be a Province of Great Britain and became a free State. Two coordinate legislative bodies were created, which were respectively called the Senate and House of Delegates. The House of Delegates consisted of four members, chosen by each of the counties of the State, and two by each of the cities of Annapolis and Baltimore. The members were elected on the 17th of December 1776 and the new government was fully organized on the 13th of February 1777. Thomas Johnson was elected as the first Governor.

HANSON DECLINES NOMINATION

The nomination of delegate to the first State legislature was offered to John Hanson, but he was actively engaged in the pressing work of reenlisting and reorganizing the Maryland commands, and he therefore declined the nomination. He later accepted a seat in the General Assembly of Maryland at the sessions of 1779, 1780, and 1781, and here again he assumed a leading part in the energetic support and advocacy of all measures designed to aid the cause of freedom. He was a member of important committees and was universally recognized for his great zeal, ability, and integrity.

THE ARTICLES OF CONFEDERATION

Early in the Revolutionary struggle Benjamin Franklin introduced into Congress a plan for the confederation of the Colonies, which was discussed from time to time until the Declaration of Independence was adopted. Then a more enlarged scheme of union became necessary.

The Maryland convention, on June 28, 1776, authorized the delegates from Maryland to concur with the other free and independent States in forming a compact and confederation between them. Articles of confederation were finally adopted on November 15, 1777, for action by the States, and printed copies were sent to the legislature of each State for their consideration, accompanied by a request to authorize their delegates in Congress on or before the 10th of March 1778 to subscribe to the Articles of Confederation.

CONTROVERSY OVER BOUNDARIES

A controversy arose in regard to the western boundaries of the several States. The Delegates from Maryland proposed an amendment to the Articles of Confederation, authorizing Congress to fix the boundaries of States claiming "westward to the Mississippi or the South Sea," but the amendment was defeated. The articles were formally signed in July 1778, by the Delegates of all the States except Maryland, Delaware, and New Jersey. The two latter signed in November 1778, and February 1799, respectively. Maryland alone held out, and the legislature resolutely asserted their determination not to accede until the question of the western domain was settled.

Virginia was materially concerned in this matter and their Delegates were directed to ratify the Confederation with such other States as would join, declaring that the Union should be binding without the consent of Maryland. Connecticut adopted the same course, but Maryland was not moved by such threats. Congress refused to agree to the course proposed by Virginia and Connecticut and the Confederacy remained unratified.

HANSON LABORS FOR UNION

In 1779 Hanson was elected a Delegate to the Congress. Although all the States had ratified the Articles of Confederation excepting Maryland, she renewed the previous instructions to the Delegates not to sign until some arrangement was made which would settle the issue of the Western Domain. John Hanson labored constantly to convince the Delegates from the other States of the wisdom and justice of ceding to Congress the claims to the western lands and thus remove the impediment to the Union. Aided by delegates of a like mind this plan was soon adopted.

Finally New York capitulated and instructed its Delegates in February 1780 to limit the western boundary of the State, to cede to Congress their claims to lands beyond it, "to enure for the use and benefit of such of the United States as should become members of the Federal Alliance of the said States and for no other use or purpose whatever." A resolution was

reported urging the several States to follow the generous example of New York and thus remove every obstacle in the way of a perfect union. In order to give effect to its recommendations, Congress afterward pledged itself that the public lands should be held for the common benefit of the whole, and as they became populated should be parceled out into free and independent States.

MARYLAND WINS—VIRGINIA ACCEDES TO PLAN

Virginia, by a resolution of the legislature on January 2, 1781, determined to cede to the United States all her claims to the land northwest of the Ohio River. Maryland had triumphed. The States finally had become aware of the fundamental importance of the issue.

What was rescued from the common enemy, by common effort, ought of right to be a common property, to enure forever to the common benefit of all the States.

This was the watchword of Maryland.

An excellent statement of the foresight of John Hanson and his associates in connection with the dispute over the Western Domain was made by Gilbert Grosvenor, LL. D., Litt. D., president of the National Geographic Society, in a history of Maryland contained in volume LI, No. 2, February 1927, of the National Geographic Magazine, which, because of its brevity and accuracy is herewith quoted:

MARYLAND'S FORESIGHT SAVED THE UNION

While her soldiers were fighting so valiantly, her statesmen, meeting in the halls of the old statehouse at Annapolis, originated a pioneer thought that prevented the Colonies from falling apart after their victory. With great foresight the Maryland leaders realized that the harmonious relations existing between the Thirteen Colonies must inevitably be destroyed, after the triumph of American arms, by bitter disputes arising as to the ownership of the vast region northwest of the Ohio, east of the Mississippi, and south of the Great Lakes.

These lands included an immense triangular territory, nearly 1,000 miles on a side, well watered, exceedingly fertile, and with fine climate, which when settled would become of great value.

As early as October 15, 1777, 1 month before the Articles of Confederation were proposed to the legislatures for ratification, Maryland asserted in Congress that this vast domain, title to which was ill-defined and conflicting, should be placed under the sovereignty of the National Government.

The "Instructions" of Maryland to her delegates, which were later read in Congress (May 21, 1779), recite:

"We are convinced policy and justice require that a country unsettled at the commencement of this war, claimed by the British Crown, and ceded to it by the treaty of Paris, if wrested from the common enemy by the blood and treasure of the Thirteen States, should be considered as a common property, subject to be parceled out by Congress into free, convenient, and independent governments, in such manner and at such times as the wisdom of that assembly shall hereafter direct."

FOR A TIME THE STATE STOOD ALONE IN HER WISE COURSE

Knowing from boundary experiences with her neighbors the enmity that disputes about land engender, Maryland, though giving unsparingly of men and substance to the Continental Armies, refused to sign the Articles of Confederation unless assured that the vacant western lands would be used to form new States and not to enrich enormously any individual State.

For a long time Maryland raised her voice alone; but gradually the other States were convinced of the fairness and wisdom of her stand and the necessity of the program she urged, if any lasting nation were to be the fruit of the Revolution. New York, Virginia, Massachusetts, and Connecticut generously ceded their territorial claims to the Nation.

But Maryland's clear-sighted and effective course had achieved something far greater than merely removing the cause of future strife between jealous Colonies; by her insistence on the creation of a national domain she welded the most effective bond that could have been devised for a lasting union. When peace came the Thirteen States found themselves joint owners of this great territory, and their common interest in developing their joint property and parceling it out into new States held them together, when they might easily have drifted apart if they had had no such economic bond.

THE CORNERSTONE OF THE FEDERAL UNION

"Just as it was Massachusetts," says John Fiske, "that took the decisive step in bringing on the Revolutionary War when she threw the tea into Boston Harbor, so it was Maryland that, by leading the way toward the creation of a national domain, laid the cornerstone of the Federal Union."

Another distinguished historian writes: "Without permanent territorial interests Congress would have been, indeed, 'a shadow without the substance,' as Washington termed it, and the country '1 Nation today and 13 tomorrow,' as best suited the purpose of individual States."

TRIBUTE TO HANSON

To the illustrious Marylanders, John Hanson particularly, and to Charles Carroll and Daniel Carroll belong the credit of suggesting and successfully urging the policy that has changed the whole map of the United States and the whole course of our national life.

Ohio, Indiana, Michigan, Illinois, Wisconsin, and Minnesota are States in the American Union because of the practical sagacity of these men who gave direction to Maryland policies beneath the roof of this historical old statehouse.

Fate gave Thomas Jefferson the opportunity of annexing the Louisiana Territory, but a whole generation before that time John Hanson led the way to the creation of a mighty empire, which includes the present States of Ohio, Indiana, Michigan, Illinois, Wisconsin, and Minnesota—six new stars in the blue of the American flag.

THE UNION COMPLETED

The Legislature of Maryland on January 29, 1781, authorized their delegates in Congress, John Hanson and Daniel Carroll, to sign the articles in their behalf. It was solemnly done on the 1st day of March 1781.

The Union was completed. This historic event was publicly announced March 1, 1781, at Philadelphia, the seat of government. It was also immediately communicated to the executives of the various States, to the American Ministers abroad, to the Minister Plenipotentiary of France, and to the Commander in Chief who announced it to the Army under his command.

MARCH 1, 1781

The minute in the proceedings of Congress March 1, 1781, is as follows:

According to the order of the day, the Honorable John Hanson and Daniel Carroll, two of the delegates for the State of Maryland, in pursuance of the act of legislature of that State, entitled "An act to empower the delegates of this State in Congress to subscribe and ratify the Articles of Confederation" which was read in Congress on the 12th day of February last, and a copy thereof entered on the minutes, did, in behalf of the said State of Maryland, sign and ratify the said articles by which act the Confederation of the United States of America was completed, each and every one of the Thirteen United States, from New Hampshire to Georgia, both included, having adopted and confirmed and by their delegates in Congress, ratified the same.

THE FIRST WRITTEN CONSTITUTION

The adoption of the Articles of Confederation created the first written Constitution of the United States. An excellent statement of the governmental authority in the Colonies prior to the adoption of this first written Constitution is contained in a volume relating to the Articles of Confederation, written by Frederick A. Cleveland, professor of political science of the University of Chicago, which states in part:

Prior to the War of the Revolution the military government and the central civil authority had been exercised by the King and Parliament of Great Britain. The chief administrative and judicial officers residing within the Colonies were also appointees of the Crown. Hostilities beginning, the whole institutional system was disrupted. The colonists at once found themselves under the necessity of reorganizing their Government and of carrying on a military struggle which required all of their united efforts to sustain. For State governments they at first organized committees of safety and other temporary devices; these later gave way to more adequate institutions. The States, however, recognizing the necessity of cooperation, left many sovereign functions to be performed by a central authority.

FIRST CONTINENTAL CONGRESS

This central authority was at first a "continental congress." In 1774, when the relations between the Colonies and the mother country were strained almost to breaking, delegates were appointed by the several Colonies for the purpose of consultation and of negotiating an amicable settlement. The negotiations proved futile; but the first Congress was an important step in paving the way for united action. Hostilities began in 1775. The second Congress met as a governing body.

ARTICLES OF CONFEDERATION ADOPTED MARCH 1, 1781

The Articles of Confederation were not formally adopted until March 1, 1781, during the session of the Seventh Continental Congress. The functions of central government to this time had been exercised under an unwritten constitution. The plan of organization was very similar to that proposed by Franklin in July 1776.

POWERS OF THE NEW GOVERNMENT

The Confederation appointed a Commander in Chief of the Army, a War Board, a Secretary of Foreign Affairs, a Superintendent

of Finance, a Postmaster General, an Official Geographer, and such committees as from time to time seemed expedient; it organized a court, prescribed oaths of office and allegiance, adopted a national flag and great seal; it declared the independence of the Colonies, raised armies and appointed officers for the same, declared war, exercised the supreme direction of the land and naval forces, commissioned armed vessels, authorized privateering, granted letters of marque and reprisal, and established a military hospital; it, by declaration, opened the ports of the several Colonies to all nations, appointed ministers and ambassadors, received foreign embassies, carried on foreign negotiations, made treaties of peace and alliance; it received cessions of territory, negotiated loans, issued bills of credit, provided a currency, and performed other sovereign acts. The Articles of Confederation were finally adopted about 7 months before Cornwallis' surrender.

JOHN HANSON ELECTED FIRST PRESIDENT

The Articles of Confederation provided "The United States in Congress Assembled shall meet on the first Monday in November in each year." Article V of the articles provided "delegates shall be annually appointed in such manner as the legislature of each State shall direct, to meet in Congress on the first Monday in November in every year."

It further provided that "No person shall be allowed to serve in the office of President more than 1 year in any term of 3 years." It was under this provision of the Articles of Confederation that John Hanson was elected the first President of the United States in Congress Assembled on November 5, 1781, under the Articles of Confederation, our first written Constitution, and after the surrender of Cornwallis at Yorktown.

RECOGNITION OF HIS SERVICES

Hanson's election was in recognition of his early leadership in the revolutionary struggle, first in southern Maryland and then in western Maryland; his valuable service in raising and equipping the troops from Maryland; and his advocacy of the plan of ceding the Western Domain to the United States, which latter act culminated in the adoption of the Articles of Confederation. John Hanson was the first person elected for a regular term as President of the United States under the Articles of Confederation and first President of the United States after the surrender of the British at Yorktown.

POST-WAR PROBLEMS FACE HANSON

When Cornwallis surrendered at Yorktown on October 17, 1781, the military campaign was ended. It was, however, but the beginning of a series of political and financial difficulties which almost submerged the new government, burdened as it was by the accumulating difficulties and repressions of the war. The sight of a common foe at the door of the Colonies had exercised a benign influence, and had in a measure softened the dissensions and internal bickerings. The last restraining influence was lifted by the surrender at Yorktown. The Nation's finances were in a chaotic state, and the currency was depreciated to the point where one dollar in specie was equal to 1,000 continental dollar bills.

THE CRITICAL PERIOD

The Congress was faced with the settlement of the terms of peace, the question of international boundaries, the recognition of independence by Great Britain, the commercial relations with the British Crown and other powers, the demobilization of the armed forces, the question of slavery, the settlement of State boundaries, the disputes of fisheries and navigation, the redemption of the continental currency, the funding of loans and certificates of indebtedness, the question of confiscated Tory estates and the repatriation of exiled loyalists, and innumerable other perplexing political, financial, and international problems.

This was the situation which faced John Hanson when he was elected to the office of the President of the United States November 5, 1781. Peace had not been negotiated. The surrender of Cornwallis left many perplexing problems to the negotiation of American diplomacy. The independence of the Colonies had received foreign recognition, Sweden the first to extend diplomatic recognition having led the way on. The resolution recognizing the termination of hostilities was adopted by the British Parliament February 28, 1781, but the provisional treaty was not signed until November 30, 1782.

WASHINGTON RETURNS TO MOUNT VERNON

Following the surrender of Cornwallis at Yorktown, Va., Washington returned to his home at Mount Vernon, where he remained several weeks, and on November 28, in accordance with a program arranged by Congress, he was presented to that body. Attended by two Members, he made his appearance in old Independence Hall, and was introduced to Congress. President Hanson greeted him with the following address:

Sir: Congress, at all times happy in seeing Your Excellency, feel particular pleasure in your presence at this time, after the glorious success of the allied arms in Virginia. It is their fixed purpose to draw every advantage from it by exhorting the States in the strongest terms to the most vigorous and timely exertions. A committee has accordingly been appointed to state the requisitions necessary to be made for the establishing of the Army, and they are instructed to confer with you upon that subject. It is, therefore, the expectation of Congress that Your Excellency would remain for some time in Philadelphia, that they may avail themselves of your aid in this important business, and that they may enjoy a respite from the fatigues of war as far as is consistent with the service.

GENERAL WASHINGTON REPLIES TO PRESIDENT HANSON

To which General Washington made the following reply:

Mr. President, I feel very sensibly the favorable declaration of Congress expressed by Your Excellency. This fresh proof of their approbation cannot fail of making a deep impression upon me, and my study shall be to deserve a continuance of it. It is with peculiar pleasure I hear that it is the fixed purpose of Congress to exhort the States to the most vigorous and timely exertions. A compliance on their parts will, I persuade myself, be productive of the most happy consequences.

I shall yield a ready obedience to the expectation of Congress and give every assistance in my power to their committee. I am obliged by the goodness of Congress in making my personal ease and convenience a part of their concern. Should service require my attendance with the Army upon the North River or elsewhere, I shall repair to whatever place my duty calls, with the same pleasure I remain in this city.

GENERAL WASHINGTON CONGRATULATES PRESIDENT HANSON

General Washington congratulated President Hanson on his election, in a letter dated at Philadelphia, November 30, 1781:

Sir: While I congratulate Your Excellency on your appointment to fill the most important seat in the United States, I take the same opportunity to thank you, with great sincerity, for the very polite manner in which you are pleased to tender me the advantages of your correspondence. As a mutual free communication cannot fail to be attended with great satisfaction to me, and will undoubtedly be productive of very useful consequence to the public cause, you may be assured I shall pay very particular attention to your letters. I sincerely accord with you in sentiment, that our public affairs at present assume a promising aspect, but suffer me to begin the freedom of our correspondence by observing to Your Excellency that upon our future vigorous improvement of the present favorable moment depend the happy consequences, which we now promise ourselves as the result of all the successful events of the last campaign.

I am, your most obedient servant,

GEORGE WASHINGTON.

PRESIDENT HANSON'S CABINET

The problems of post-war adjustment consumed the time and energy of Hanson after his election to the office of President. However, he was fortunate in having a strong Cabinet, which consisted of the Secretary of War, Gen. Benjamin Lincoln; Secretary of Finance, Robert Morris; and the Secretary of Foreign Affairs, Robert Livingston. In the field of foreign relations he had the able advice and assistance of his distinguished Ambassadors, including Benjamin Franklin. However, the strain of the Revolutionary struggles and his parliamentary battles left its mark on a once vigorous constitution, and he was forced by illness to absent himself from the duties of President for several months. Congress, while electing a temporary presiding officer during his illness, nevertheless required that all its enactments should have the approval of John Hanson before they became law.

During Hanson's term of office as President, Congress adopted the great seal of the United States. The seal included the American eagle holding an olive branch and a bundle of 13 arrows, and in his beak a scroll inscribed with the well-known motto "E pluribus unum"—one out of many.

A POWERFUL FAMILY DYNASTY

The Hanson family is probably one of the most distinguished family dynasties in all of American history. The

American people have associated the names of certain families with their history as, for instance, the Adams and the Cabots in New England; the Lees, the Randolphs, and the Marshalls in Virginia. It is strange, however, that some historians have paid scant notice to the most vigorous dynasty of all, the Hanson family, in Maryland.

Albert Bushnell Hart, who served as instructor of American history at Harvard and who lectured as the Harvard exchange professor at the Sorbonne in Paris and who was the historical adviser to the George Washington Bicentennial Commission, in speaking of John Hanson in an address at Philadelphia on June 7, 1926, at the Sesquicentennial, states:

He was an ancestor of two Presidents, William Henry Harrison and his grandson, Benjamin Harrison. He was also in his own right a signer of the association [the Association of Freeman]—the famous nonimportation agreement of 1769. He was a useful Member of the Second Continental Congress. He rose in 1781 to become the President of the United States.

Paul Wiltach, in his well-known book *Tidewater Maryland*, states:

President William Henry Harrison and President Benjamin Harrison were descendants of the Hanson family and also akin to it were President Grover Cleveland and Samuel J. Tilden and other distinguished Americans.

THREE PRESIDENTS MEMBERS OF FAMILY

W. N. Morell, foremost authority on Hanson biography, speaking at the dedication of a memorial tablet to John Hanson at Oxon Hill, Md., on November 15, 1933, stated:

The Hanson family produced one President under the Articles of Confederation, two Presidents under the Constitution, two signers of the Declaration of Independence, one signer of the Articles of Confederation, one signer of the Constitution, five signers of the Maryland Declaration of Freeman (which declaration preceded if it did not precipitate the Declaration of Independence), as well as many officers of the Revolutionary Army.

MANY KINSMEN REVOLUTIONARY OFFICERS

Among the officers of the Revolutionary Army from the Hanson family were included the following surgeons and physicians:

John Hanson Briscoe, of St. Marys County, surgeon in the Second Maryland Regulars; Samuel Hanson, of Calvert County, surgeon to Col. Baker Johnson's battalion; Elisha Hanson, of Calvert County; Daniel Jenifer, of St. Thomas, who was a member of the Council of Safety of the Western Shore, surgeon to Captain Beall's Prince Georges company; Daniel Jenifer, Jr., of St. Thomas, assistant to Dr. Briscoe in the Independent Corps, surgeon to the General Hospital of the Continental Armies.

SON, VOLUNTEER IN THE REVOLUTIONARY ARMY, KILLED IN BATTLE

John Hanson's son, Peter Contee Hanson, a lieutenant in the Maryland regiment, was mortally wounded at Fort Washington in 1776. Another son, Samuel, was surgeon of Washington's Life Guards. Still another son, Alexander Contee Hanson, was secretary to George Washington, chancellor of the State of Maryland, author of numerous famous political pamphlets, and the compiler of the laws of Maryland, known as Hanson's Laws.

Another distinguished kinsman was Col. Richard Hanson Harrison, who served for a long time as the first military aide to George Washington, and who later became a Justice of the Supreme Court of the United States.

DEATH OF JOHN HANSON

After his term of office as President expired, Hanson retired to private life in ill health. He returned to Frederick, Md., which had been the scene of many of his activities during the Revolutionary War. However, he did not have the opportunity to enjoy the life of a private citizen for very long. The last few days of his life were spent at Oxon Hill Manor, Md., overlooking the Potomac, at the home of his nephew, Thomas Hanson. Oxon Hill was one of the oldest historic mansions in southern Maryland. It was situated on a hill opposite Alexandria, Va., with a commanding view of the Potomac River.

John Hanson died at Oxon Hill on November 15, 1783. His death is briefly described in the *Pennsylvania Gazette* under date of Wednesday, December 3, 1783, under the caption "A Letter from Baltimore," with a date line of November 29 in the following concise language:

On Saturday the 15th ultimo departed this life in Prince Georges County, Md., the Hon. John Hanson, Esq., late President of the United States in Congress assembled.

JOHN HANSON HIGH ON THE SCROLL OF FAME

This patriotic descendant of a Viking people that settled in Maryland in 1653 deserves a high place in the affections of the American people. It is indeed fitting that the historic city of Frederick, Md., which was the scene of his labors for liberty, should dedicate to him a memorial tablet on Saturday, June 18, 1938, at 3:30 p. m. in the courthouse of that city, commemorating his leadership in the revolutionary cause not only in western Maryland but in the Colonies as a whole. If John Hanson's old neighbors in Frederick town could revisit that city on this occasion, they would voice their tribute to their wise and modest leader.

The ceremony in connection with the dedication will be under the auspices of the John Hanson Society of Maryland and the Commissioners of Frederick County. The tablet will be unveiled by a descendant, John Hanson Briscoe.

The committee consists of the following: A. H. Derr, Clyde B. Stovall, U. Grant Hooper, Jesse I. Renner, Archley R. Molesworth, A. Merhle Ecker, E. Austin James, Edward S. Delaplaine, Mrs. Michael E. Pue, W. N. Morell, Elizabeth Colton Ewing, president of the John Hanson Society of Maryland, and Miss Mary Maulsby.

It is appropriate on this occasion to include the tribute to John Hanson delivered by Maj. Alexander Sidney Lanier, lawyer and student of political history, at the dedication of a marker in memory of the President on November 15, 1933, at Oxon Hill, Md. This address is as follows:

Ladies and gentlemen of the John Hanson Society of Maryland, I admire great men of all classes, those who stand for facts and for thoughts. I like the first Caesar, and Charles the Fifth of Spain, and Charles the Twelfth of Sweden, Richard Plantagenet, and Bonaparte in France. I applaud a sufficient man, an officer equal to his office, captains, ministers, Senators.

Mankind have in all ages attached themselves to a few persons, who either by the quality of the idea they embody or by the largeness of their reception, were entitled to the position of leaders and lawgivers. The veneration of mankind selects these for the highest places. Witness the multitude of statues, pictures, and memorials which recall their genius in every city, village, house, and ship:

Even their phantoms arise before us,
Our lofty brothers, but one in blood;
At bed and table they lord it o'er us,
With looks of beauty, and words of good.

A GREAT, A WISE, AND A GOOD MAN

And so, my friends, we are here today in conformity with immemorial custom to honor the memory of a great, a wise, and a good man, who rendered the greatest services to his country of which we are today the beneficiaries.

I esteem it a special privilege to stand upon the soil of this glorious free State of Maryland and pay tribute, though totally inadequate, to the memory of a great man to whom we owe much, John Hanson, one of the most illustrious of Maryland's many distinguished sons, President of the United States in Congress assembled, 1781-82.

Limitations of time and place will not permit of an extensive recital of the life, character, and achievements of this distinguished man. Those who are interested and wish to pursue the subject can find full information about him in the encyclopaedias, and one or more recent books of his life.

GREAT MEN INSTINCTIVELY TURNED TO HIM

John Hanson, the progenitor of the President, was one of four brothers of Swedish origin and ancestry, who came to this country and settled in Maryland before the Revolution. His father was connected with the Swedish royal family, and was an officer in the army of the intrepid Gustavus Adolphus. The public life of John Hanson, the President, began in 1757 and terminated only with his death, November 15, 1783, at the age of 62 years and some months. He was always active in the social and political life of Maryland to the infinite benefit and welfare of the people of this State. When we remember the great men who were his contemporaries, I can pay no greater tribute to his character and ability than to remind you that after the proclamation of the Declaration of Independence and the organization of a government to carry on the Revolution of the Colonies, these great men of the time instinctively turned to him and elected him President of the United States in Congress Assembled, under the Articles of Confederation. Before this he had been chairman of the Committee of Observation for Frederick County, and afterwards for what was known as the middle district. He was one of three chosen by the Maryland convention to establish a gun factory at Frederick, and the value of his services in providing troops and ammunition in the Revolution was incalculable.

He was the father of nine children, and from them are descended many distinguished Maryland families and some of the most splendid names in the galaxy of Maryland's illustrious sons.

A FORERUNNER OF SCANDINAVIAN IMMIGRATION

I wish particularly to remind you that he was a forerunner of that mighty tide of Scandinavian immigration to America—a people who so largely settled up the great Northwest, and who by their industry, ability, and fine character have contributed so much to the prosperity, the general welfare, and the stability of our common country.

John Hanson and his contemporaries were confronted with great questions and grave decisions. They fought a successful revolution and established upon this continent a government that has been a model for mankind and the admiration of the world.

It must have been envisioned by the incomparable Pericles in his funeral oration over the Athenian soldiers who fell in the first year of the Peloponnesian War for, in speaking of the government of Athens, he described with uncanny accuracy the Government of the United States of today, which was established nearly 2,500 years after the delivery of his oration. He said:

"We are happy in a form of government which cannot envy the laws of our neighbors, for it hath served as a model to others, but is original in Athens. And this, our form, as committed not to the few but to the whole body of the people, is called a democracy. However different so ever in a private capacity we all enjoy the same general equality our laws are fitted to preserve; and superior honors just as we excel."

HISTORY REPEATS ITSELF

History, my friends, has a way of constantly repeating itself. The problems and the evils, socially and politically, that confront one generation have a way of arising in subsequent generations, perhaps in differing forms, but nonetheless baffling and menacing to the social order and to the security of political institutions.

For the past 4 years our beloved country has been confronted with conditions and problems arising therefrom that have caused the stoutest hearts amongst us to quail and to wonder if under the strain our social order and institutions will survive. In a way they are as serious and menacing to us as were the questions of the revolution and the bringing of order and government out of chaos were to our forefathers.

HEROIC FORTITUDE AND COURAGE

They met the situation with heroic fortitude and courage and overcame and conquered. Their example should give to us comfort, inspiration, and a courage equal to theirs. If we will but follow in their footsteps and emulate their glorious example and leadership, we too shall triumph, and government of the people, by the people, and for the people will not perish from the earth; and out of the disasters and the trials of today we shall emerge with more just institutions and a higher and better civilization.

PRESIDENTS [OF THE UNITED STATES] UNDER THE ARTICLES OF CONFEDERATION

John Hanson, November 5, 1781.
Elias Boudinot, November 4, 1782.
Thomas Mifflin, November 3, 1783.
Richard Henry Lee, November 30, 1784.
Nathaniel Gorham, June 6, 1786.
Arthur St. Clair, February 2, 1787.
Cyrus Griffin, January 22, 1788.
Source: Fiske. Critical Period of American History, page 360. [E303 .F54.]

ARTICLES OF CONFEDERATION

Agreed to by the Continental Congress, November 15, 1777, for submission to the States for ratification.

Signed by the delegates from the several States, as follows:
New Hampshire, Massachusetts Bay, Rhode Island, Providence Plantations, Connecticut, New York, Pennsylvania, Virginia, South Carolina, July 9, 1778; North Carolina, July 21, 1778; Georgia, July 24, 1778; New Jersey, November 26, 1778; Delaware, May 5, 1779; Maryland, March 1, 1781.

Congress met under the articles March 2, 1781.

Article 5, section 1: For the more convenient management of the general interests of the United States, delegates shall be annually appointed in such manner as the legislature of each State shall direct, to meet in Congress on the first Monday in November of every year, with a power reserved to each State to recall its delegates, or any of them, at any time within the year, and to send others in their stead, for the remainder of the year.

Source: Select documents, History of the United States, 1776-1861. Edited, William MacDonald. New York, 1898, page 6. [E173 .M13.]

[Library of Congress. Journals of the Continental Congress, 1774-89. Washington. Government Printing Office. 1912]

Volume XIX. January 1-April 23, 1781. Page 223:

"THE UNITED STATES IN CONGRESS ASSEMBLED," FRIDAY, MARCH 2, 1781

"The ratification of the Articles of Confederation being yesterday completed by the accession of the State of Maryland:

"The United States met in Congress, when the following members appeared:

"His excellency, Samuel Huntington, delegate for Connecticut, President."

¹ "The United States in Congress Assembled" was put at the head of each page of the Journal, with occasional omissions, from this date until August 1.

Volume XX. April 24–July 22, 1781:

"FRIDAY, JULY 6, 1781

"The President [Samuel Huntington] having informed the United States in Congress Assembled that his ill state of health will not permit him to continue longer in the exercise of the duties of that office, and requested leave of absence:
"Ordered, That Monday next be assigned for electing a President" (p. 724).

"TUESDAY, JULY 10, 1781

"Mr. [Samuel] Johnston having declined to accept the office of President, and offered such reasons as were satisfactory, the House proceeded to another election; and, the ballots being taken, the Honorable Thomas McKean was elected" (p. 733).
Vol. XXI. July 23–December 31, 1781:

"MONDAY, NOVEMBER 5, 1781

(Delegates having been duly elected under the Articles of Confederation by the several States, and) "their credentials being read, Congress proceeded to the election of a President; and the ballots being taken, the Honorable John Hanson was elected" (p. 1100).

OFFICERS OF THE CONTINENTAL CONGRESS

1. Presidents:

Peyton Randolph, of Virginia,² elected September 5, 1774.
Henry Middleton, of South Carolina, elected October 22, 1774.
Peyton Randolph,³ of Virginia, elected May 10, 1775.
John Hancock, of Massachusetts, elected May 24, 1775.
Henry Laurens, of South Carolina, elected November 1, 1777.
John Jay, of New York, elected December 10, 1778.
Samuel Huntington, of Connecticut, elected September 28, 1779.
Thomas McKean, of Delaware, elected July 10, 1781. (See art. 5, sec. 1, Articles of Confederation.)
"Articles of Confederation adopted March 1, 1781, and first President elected under its provisions first Monday in November (November 5, 1781). (See art. 5, sec. 1.)"
John Hanson, of Maryland, elected November 5, 1781.
Elias Boudinot, of New Jersey, elected November 4, 1782.
Thomas Mifflin, of Pennsylvania, elected November 3, 1783.
Richard Henry Lee, of Virginia, elected November 30, 1784.
John Hancock,⁴ of Massachusetts, elected November 23, 1785.
Nathaniel Gorham, of Massachusetts, elected June 6, 1786.
Arthur St. Clair, of Pennsylvania, elected February 2, 1787.
Cyrus Griffin, of Virginia, elected January 22, 1788.

2. Secretary:

Charles Thomson, of Pennsylvania, elected September 5, 1774.
There was no written constitution until the adoption of the Articles of Confederation March 1, 1781.

Source: Biographical Directory of the American Congress, 1774–1927, page 31. (U. S. Government Printing Office, 1928. JK1010 As. Copy 12.)

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² Resigned October 22, 1774.

³ Died October 22, 1775.

⁴ Resigned May 29, 1786, never having served owing to continued illness.

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EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HILL in the chair) as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

Mr. BARKLEY. Mr. President, I move that the Senate take a recess until tomorrow at 12 o'clock.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 24, 1938, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of April 20) 1938

UNITED STATES MARSHALS

William Ryan, of Illinois, to be United States marshal for the eastern district of Illinois. Mr. Ryan is now serving in this office under an appointment which expires May 25, 1938.

John M. Guay to be United States marshal for the district of New Hampshire. Mr. Guay is now serving in this office under an appointment which expires June 18, 1938.

POSTMASTERS

CALIFORNIA

Mary D. Briggs to be postmaster at Los Angeles, Calif., in place of H. B. R. Briggs, deceased.

Hyde W. Rapp to be postmaster at Loyalton, Calif., in place of W. H. Rapp, resigned.

GEORGIA

Marion Lucas to be postmaster at Savannah, Ga., in place of Marion Lucas. Incumbent's commission expired January 30, 1938.

HAWAII

Kenichi Tomita to be postmaster at Puunene, Hawaii, in place of J. F. Xavier. Incumbent's commission expired April 27, 1936.

MINNESOTA

Anna C. Dallaire to be postmaster at Ah-gwah-ching, Minn., in place of A. C. Dallaire. Incumbent's commission expired January 31, 1938.

Joseph G. McRaith to be postmaster at Belle Plaine, Minn., in place of J. G. McRaith. Incumbent's commission expired April 19, 1938.

Joseph C. McGowan to be postmaster at Benson, Minn., in place of J. C. McGowan. Incumbent's commission expires June 13, 1938.

Timothy Hurley to be postmaster at Bird Island, Minn., in place of Timothy Hurley. Incumbent's commission expires June 18, 1938.

Alta V. Mason to be postmaster at Blue Earth, Minn., in place of A. V. Mason. Incumbent's commission expired April 19, 1938.

George H. Malven to be postmaster at Browerville, Minn., in place of G. H. Malven. Incumbent's commission expires June 18, 1938.

Antoinette D. Hall to be postmaster at Campbell, Minn., in place of A. D. Hall. Incumbent's commission expires June 13, 1938.

Lambert J. Dols to be postmaster at Cologne, Minn., in place of L. J. Dols. Incumbent's commission expired March 6, 1938.

John A. Oberg to be postmaster at Deerwood, Minn., in place of J. A. Oberg. Incumbent's commission expired March 20, 1938.

Edward C. Feely to be postmaster at Farmington, Minn., in place of E. C. Feely. Incumbent's commission expires June 13, 1938.

Robert H. Burrill to be postmaster at Hawley, Minn., in place of R. H. Burrill. Incumbent's commission expires June 18, 1938.

Martin T. Haley to be postmaster at Hibbing, Minn., in place of M. T. Haley. Incumbent's commission expires June 12, 1938.

Stella C. Olson to be postmaster at Karlstad, Minn., in place of S. C. Olson. Incumbent's commission expires June 18, 1938.

Ada L. Davies to be postmaster at Kasota, Minn., in place of A. L. Davies. Incumbent's commission expires June 18, 1938.

Anton Malmberg to be postmaster at Lafayette, Minn., in place of Anton Malmberg. Incumbent's commission expired March 6, 1938.

George A. Boyd to be postmaster at Le Roy, Minn., in place of G. A. Boyd. Incumbent's commission expires June 13, 1938.

Leroy G. Schmalz, to be postmaster at Lester Prairie, Minn., in place of L. G. Schmalz. Incumbent's commission expired April 19, 1938.

Arthur P. Rose to be postmaster at Marshall, Minn., in place of A. P. Rose. Incumbent's commission expires June 18, 1938.

James H. Pelham to be postmaster at Menahga, Minn., in place of J. H. Pelham. Incumbent's commission expires June 13, 1938.

Milla Tagley to be postmaster at Mentor, Minn., in place of Milla Tagley. Incumbent's commission expires June 18, 1938.

Nicholas D. Schons to be postmaster at Nicollet, Minn., in place of N. D. Schons. Incumbent's commission expires June 13, 1938.

Oliver W. Alvin to be postmaster at North Branch, Minn., in place of O. W. Alvin. Incumbent's commission expires June 13, 1938.

August M. Utecht to be postmaster at Richmond, Minn., in place of A. M. Utecht. Incumbent's commission expires June 13, 1938.

George Glotzbach to be postmaster at Sleepy Eye, Minn., in place of George Glotzbach. Incumbent's commission expires June 13, 1938.

Andrew Reid to be postmaster at South St. Paul, Minn., in place of Andrew Reid. Incumbent's commission expired May 12, 1938.

Walter J. Mueller to be postmaster at Springfield, Minn., in place of W. J. Mueller. Incumbent's commission expired May 12, 1938.

Andrew T. Sanvik to be postmaster at Starbuck, Minn., in place of A. T. Sanvik. Incumbent's commission expires June 13, 1938.

Carl H. Ruhberg to be postmaster at Storden, Minn., in place of C. H. Ruhberg. Incumbent's commission expires June 13, 1938.

Elizabeth C. Bahr to be postmaster at Waconia, Minn., in place of E. C. Bahr. Incumbent's commission expires June 13, 1938.

Margaret J. McGarry to be postmaster at Walker, Minn., in place of M. J. McGarry. Incumbent's commission expires June 13, 1938.

Einar C. Wellin to be postmaster at Willmar, Minn., in place of E. C. Wellin. Incumbent's commission expires June 13, 1938.

William F. Sanger to be postmaster at Windom, Minn., in place of W. F. Sanger. Incumbent's commission expired May 12, 1938.

John R. Schisler to be postmaster at Winthrop, Minn., in place of J. R. Schisler. Incumbent's commission expires June 12, 1938.

Oscar W. Groth to be postmaster at Wright, Minn., in place of Henry Groth, deceased.

MISSISSIPPI

Aubrey C. Griffin to be postmaster at Jackson, Miss., in place of E. J. Hederman. Incumbent's commission expired May 1, 1938.

MONTANA

Frank X. Monaghan to be postmaster at Butte, Mont., in place of F. X. Monaghan. Incumbent's commission expired May 1, 1938.

Oren D. Clement to be postmaster at Livingston, Mont., in place of J. E. Swindlehurst, Jr., resigned.

NEBRASKA

Theresa Mullan to be postmaster at Boys Town, Nebr., in place of P. J. Norton, resigned.

NEW HAMPSHIRE

Charles S. Stone to be postmaster at Andover, N. H., in place of C. S. Stone. Incumbent's commission expires June 13, 1938.

Roy T. Hildreth to be postmaster at Bethlehem, N. H., in place of R. T. Hildreth. Incumbent's commission expires June 6, 1938.

Edward J. Conley to be postmaster at East Kingston, N. H., Office became Presidential July 1, 1937.

Hazel J. Hayes to be postmaster at Rye Beach, N. H., in place of H. J. Hayes. Incumbent's commission expires June 6, 1938.

NEW JERSEY

Frederick W. Jacoby to be postmaster at Cliffside Park, N. J., in place of T. V. Chieffo. Incumbent's commission expired May 10, 1938.

Thomas C. Birtwhistle to be postmaster at Englewood, N. J., in place of M. A. Whyard, transferred.

NEW YORK

Edward J. Seagert to be postmaster at Attica, N. Y., in place of E. J. Seagert. Incumbent's commission expires May 28, 1938.

Frederic M. Buckley to be postmaster at Boonville, N. Y., in place of F. M. Buckley. Incumbent's commission expired January 31, 1938.

Archie C. Montanye to be postmaster at Esperance, N. Y., in place of H. H. Rockwell, resigned.

Dennis W. Daly to be postmaster at Lockport, N. Y., in place of D. W. Daly. Incumbent's commission expired January 31, 1938.

Edward J. McSweeney to be postmaster at Long Lake, N. Y., in place of E. J. McSweeney. Incumbent's commission expired January 31, 1938.

Dennis Shannon to be postmaster at New York Mills, N. Y., in place of Dennis Shannon. Incumbent's commission expired January 31, 1938.

Dennis T. Dillon, Jr., to be postmaster at Raquette Lake, N. Y., in place of D. T. Dillon, Jr. Incumbent's commission expired January 31, 1938.

Thomas J. Reilly to be postmaster at Silver Springs, N. Y., in place of T. J. Reilly. Incumbent's commission expired January 31, 1938.

Nora E. Feeley to be postmaster at Skaneateles Falls, N. Y., in place of N. E. Feeley. Incumbent's commission expired January 31, 1938.

Philip J. Smith to be postmaster at Webster, N. Y., in place of P. J. Smith. Incumbent's commission expired April 28, 1938.

NORTH CAROLINA

William R. Young to be postmaster at Badin, N. C., in place of W. R. Young. Incumbent's commission expires May 29, 1938.

Zula S. Glover to be postmaster at Catawba, N. C., in place of Z. S. Glover. Incumbent's commission expires June 12, 1938.

Paul R. Younts to be postmaster at Charlotte, N. C., in place of P. R. Younts. Incumbent's commission expires June 13, 1938.

Shepherd Strudwick to be postmaster at Hillsboro, N. C., in place of Shepherd Strudwick. Incumbent's commission expires June 18, 1938.

Jennings M. Koontz to be postmaster at Kannapolis, N. C., in place of J. M. Koontz. Incumbent's commission expired April 27, 1938.

Carl H. Hand to be postmaster at Lowell, N. C., in place of C. H. Hand. Incumbent's commission expires June 18, 1938.

Robert T. Teague to be postmaster at Newland, N. C., in place of R. T. Teague. Incumbent's commission expires June 13, 1938.

NORTH DAKOTA

Orpheus H. Halverson to be postmaster at Northwood, N. Dak., in place of F. G. Carman, removed.

Sadie E. Uggen to be postmaster at Woodworth, N. Dak., in place of C. O. Uggen, deceased.

OREGON

Mae M. Humphrey to be postmaster at Boring, Oreg., in place of M. M. Humphrey. Incumbent's commission expires June 18, 1938.

Hampton T. Pankey to be postmaster at Central Point, Oreg., in place of H. T. Pankey. Incumbent's commission expires June 18, 1938.

Albert H. Fasel to be postmaster at Estacada, Oreg., in place of A. H. Fasel. Incumbent's commission expires June 18, 1938.

Edwin Allen to be postmaster at Forest Grove, Oreg., in place of Edwin Allen. Incumbent's commission expired April 2, 1938.

Thomas R. Roe to be postmaster at Gaston, Oreg., in place of T. R. Roe. Incumbent's commission expires June 18, 1938.

Carl H. Massie to be postmaster at Grants Pass, Oreg., in place of C. H. Massie. Incumbent's commission expired March 20, 1938.

Harold C. Kizer to be postmaster at Harrisburg, Oreg., in place of H. C. Kizer. Incumbent's commission expired May 2, 1938.

Winifred G. Wisecarver to be postmaster at McMinnville, Oreg., in place of W. G. Wisecarver. Incumbent's commission expired March 20, 1938.

Oscar L. Groves to be postmaster at Monmouth, Oreg., in place of O. L. Groves. Incumbent's commission expired May 9, 1938.

Harvey C. Knapp to be postmaster at North Portland, Oreg., in place of W. F. Coffey. Appointee not commissioned.

Sadie B. Jones to be postmaster at Oakridge, Oreg., in place of S. B. Jones. Incumbent's commission expired January 30, 1938.

Henry R. Crawford to be postmaster at Salem, Oreg., in place of H. R. Crawford. Incumbent's commission expires June 18, 1938.

Ruby I. Loundree to be postmaster at Sandy, Oreg., in place of R. I. Loundree. Incumbent's commission expires June 18, 1938.

Henry Alm to be postmaster at Silverton, Oreg., in place of Henry Alm. Incumbent's commission expires May 31, 1938.

Frank H. Fawk to be postmaster at Willamina, Oreg., in place of F. H. Fawk. Incumbent's commission expires June 18, 1938.

Howard F. Butterfield to be postmaster at Woodburn, Oreg., in place of H. F. Butterfield. Incumbent's commission expires June 18, 1938.

PENNSYLVANIA

L. Banks Wetzel to be postmaster at Beaver Springs, Pa., in place of J. F. Erdly, removed.

Harry E. Cuppett to be postmaster at Bedford, Pa., in place of H. E. Cuppett. Incumbent's commission expires June 6, 1938.

Elizabeth D. Bermingham to be postmaster at Blossburg, Pa., in place of E. D. Bermingham. Incumbent's commission expires June 6, 1938.

Leo Walker to be postmaster at Clairton, Pa., in place of Leo Walker. Incumbent's commission expires June 18, 1938.

Earle H. Crummy to be postmaster at Dravosburg, Pa., in place of E. H. Crummy. Incumbent's commission expires June 18, 1938.

Philip S. McDermott to be postmaster at Duquesne, Pa., in place of P. S. McDermott. Incumbent's commission expires June 6, 1938.

Mayme A. Moore to be postmaster at Oakdale, Pa., in place of M. A. Moore. Incumbent's commission expires June 18, 1938.

PUERTO RICO

Teresa Melendez to be postmaster at Arroyo, P. R., in place of Teresa Melendez. Incumbent's commission expired May 2, 1938.

Cesar Rossy to be postmaster at Ciales, P. R., in place of Cesar Rossy. Incumbent's commission expires June 18, 1938.

Luis E. Kolb to be postmaster at Utuado, P. R., in place of L. E. Kolb. Incumbent's commission expired May 2, 1938.

RHODE ISLAND

Grace B. Almy to be postmaster at Little Compton, R. I., in place of G. B. Almy. Incumbent's commission expires June 18, 1938.

SOUTH DAKOTA

John Evans to be postmaster at Agar, S. Dak., in place of John Evans. Incumbent's commission expired May 15, 1938.

George E. Hagen to be postmaster at Armour, S. Dak., in place of G. E. Hagen. Incumbent's commission expires June 18, 1938.

Mary A. Hornstra to be postmaster at Avon, S. Dak., in place of M. A. Hornstra. Incumbent's commission expired May 15, 1938.

Harm P. Temple to be postmaster at Davis, S. Dak., in place of H. P. Temple. Incumbent's commission expired May 16, 1938.

Lulu A. Turner to be postmaster at Ethan, S. Dak., in place of L. A. Turner. Incumbent's commission expired May 16, 1938.

Edward L. Fisher to be postmaster at Eureka, S. Dak., in place of E. L. Fisher. Incumbent's commission expired May 15, 1938.

Harold L. Fetherhuff to be postmaster at Herreid, S. Dak., in place of H. L. Fetherhuff. Incumbent's commission expired March 22, 1938.

Edwin H. Bruemmer to be postmaster at Huron, S. Dak., in place of E. H. Bruemmer. Incumbent's commission expired May 15, 1938.

Clarence W. Richards to be postmaster at Kimball, S. Dak., in place of C. W. Richards. Incumbent's commission expires June 18, 1938.

Ella M. Ottum to be postmaster at Mellette, S. Dak., in place of E. M. Ottum. Incumbent's commission expired May 22, 1938.

Josephine C. Eggerling to be postmaster at Orient, S. Dak., in place of J. C. Eggerling. Incumbent's commission expires June 18, 1938.

George L. Egan to be postmaster at Parker, S. Dak., in place of G. L. Egan. Incumbent's commission expired May 16, 1938.

Cleveland F. Brooks to be postmaster at Platte, S. Dak., in place of C. F. Brooks. Incumbent's commission expires June 6, 1938.

Fae Thompson to be postmaster at St. Lawrence, S. Dak., in place of Fae Thompson. Incumbent's commission expires June 18, 1938.

Philip A. McMahon to be postmaster at Salem, S. Dak., in place of P. A. McMahon. Incumbent's commission expired May 15, 1938.

James Gaynor to be postmaster at Springfield, S. Dak., in place of James Gaynor. Incumbent's commission expired April 27, 1938.

William P. Smith to be postmaster at Stickney, S. Dak., in place of W. P. Smith. Incumbent's commission expired May 15, 1938.

Orville U. Melby to be postmaster at Summit, S. Dak., in place of O. U. Melby. Incumbent's commission expires June 18, 1938.

Joseph S. Petrik to be postmaster at Tabor, S. Dak., in place of J. S. Petrik. Incumbent's commission expired May 15, 1938.

Kathryn M. McCoy to be postmaster at Tulare, S. Dak., in place of K. M. McCoy. Incumbent's commission expires June 18, 1938.

Matt McCormick to be postmaster at Tyndall, S. Dak., in place of Matt McCormick. Incumbent's commission expired May 22, 1938.

WASHINGTON

Walter W. Lindley to be postmaster at St. John, Wash., in place of W. W. Lindley. Incumbent's commission expires June 18, 1938.

WISCONSIN

Albert Hess to be postmaster at Arcadia, Wis., in place of Albert Hess. Incumbent's commission expires May 28, 1938.

John F. Loschky to be postmaster at Arpin, Wis., in place of J. F. Loschky. Incumbent's commission expires June 7, 1938.

Theodore E. Wozniak to be postmaster at Athens, Wis., in place of T. E. Wozniak. Incumbent's commission expires May 30, 1938.

Charles P. McCormick to be postmaster at Belleville, Wis., in place of C. P. McCormick. Incumbent's commission expires June 15, 1938.

Edward R. Kranzfelder to be postmaster at Bloomer, Wis., in place of E. R. Kranzfelder. Incumbent's commission expires May 28, 1938.

George Heiderer to be postmaster at Butternut, Wis., in place of George Heiderer. Incumbent's commission expires June 7, 1938.

Alex G. Mohr to be postmaster at Cambria, Wis., in place of A. G. Mohr. Incumbent's commission expires May 30, 1938.

John S. McHugh to be postmaster at De Pere, Wis., in place of J. S. McHugh. Incumbent's commission expired May 15, 1938.

August H. LaRenzie to be postmaster at Eagle River, Wis., in place of A. H. LaRenzie. Incumbent's commission expired February 10, 1938.

Ronald F. North to be postmaster at Eau Claire, Wis., in place of R. F. North. Incumbent's commission expired February 20, 1938.

Tessa B. Morissy to be postmaster at Elkhorn, Wis., in place of T. B. Morissy. Incumbent's commission expires June 15, 1938.

Melvin I. Dunn to be postmaster at Fall River, Wis., in place of M. I. Dunn. Incumbent's commission expires June 8, 1938.

Fern M. Dagnon to be postmaster at Ferryville, Wis., in place of F. M. Dagnon. Incumbent's commission expires June 8, 1938.

Claude E. Rochon to be postmaster at Florence, Wis., in place of C. E. Rochon. Incumbent's commission expires June 18, 1938.

Matthew J. Hart to be postmaster at Glidden, Wis., in place of M. J. Hart. Incumbent's commission expires June 12, 1938.

Reginald L. Barnes to be postmaster at Greenwood, Wis., in place of R. L. Barnes. Incumbent's commission expires June 12, 1938.

James R. Alexander to be postmaster at Hayward, Wis., in place of J. R. Alexander. Incumbent's commission expired March 22, 1938.

Carl J. Mueller to be postmaster at Jefferson, Wis., in place of C. J. Mueller. Incumbent's commission expires May 28, 1938.

Frank Heppe to be postmaster at Kewaskum, Wis., in place of Frank Heppe. Incumbent's commission expired April 28, 1938.

Wenzel M. Dvorak to be postmaster at La Crosse, Wis., in place of W. M. Dvorak. Incumbent's commission expires June 12, 1938.

Frank M. Doyle to be postmaster at Ladysmith, Wis., in place of F. M. Doyle. Incumbent's commission expired May 15, 1938.

May K. Powers to be postmaster at Lake Geneva, Wis., in place of M. K. Powers. Incumbent's commission expires May 30, 1938.

Walter E. Smith to be postmaster at Lodi, Wis., in place of W. E. Smith. Incumbent's commission expires June 8, 1938.

Ruth S. Foley to be postmaster at Maiden Rock, Wis., in place of R. S. Foley. Incumbent's commission expires June 18, 1938.

Thomas F. McDonald to be postmaster at Marshfield, Wis., in place of T. F. McDonald. Incumbent's commission expired March 22, 1938.

John K. Wotruba to be postmaster at Milladore, Wis., in place of J. K. Wotruba. Incumbent's commission expires June 12, 1938.

Roswell S. Richards to be postmaster at Monticello, Wis., in place of R. S. Richards. Incumbent's commission expires June 12, 1938.

Axel L. Olson to be postmaster at Mountain, Wis., in place of A. L. Olson. Incumbent's commission expires May 30, 1938.

Nicholas Abler to be postmaster at Mount Calvary, Wis., in place of Nicholas Abler. Incumbent's commission expired April 28, 1938.

Lillian N. Hughes to be postmaster at New Richmond, Wis., in place of L. N. Hughes. Incumbent's commission expired May 15, 1938.

John W. Johnson to be postmaster at Pepin, Wis., in place of J. W. Johnson. Incumbent's commission expires June 12, 1938.

Rudolph I. Baumann to be postmaster at Phillips, Wis., in place of Joe Kolar, removed.

John P. Pabst to be postmaster at Pittsville, Wis., in place of J. P. Pabst. Incumbent's commission expires June 12, 1938.

Louis H. Schultz to be postmaster at Reedsburg, Wis., in place of L. H. Schultz. Incumbent's commission expires June 15, 1938.

Adelbert O. Randall to be postmaster at Rosendale, Wis., in place of A. O. Randall. Incumbent's commission expires May 30, 1938.

William J. Corry to be postmaster at South Milwaukee, Wis., in place of W. J. Corry. Incumbent's commission expired March 22, 1938.

Louis J. Thompson to be postmaster at Spooner, Wis., in place of L. J. Thompson. Incumbent's commission expired March 7, 1938.

John C. Reinke to be postmaster at Stone Lake, Wis., in place of J. C. Reinke. Incumbent's commission expired March 7, 1938.

Bethel W. Robinson to be postmaster at Superior, Wis., in place of B. W. Robinson. Incumbent's commission expires May 28, 1938.

Alfred H. Hadler to be postmaster at Thiensville, Wis., in place of A. H. Hadler. Incumbent's commission expires May 30, 1938.

William S. Wagner to be postmaster at Thorp, Wis., in place of W. S. Wagner. Incumbent's commission expires June 12, 1938.

Louis H. Rivard to be postmaster at Turtle Lake, Wis., in place of L. H. Rivard. Incumbent's commission expired April 13, 1938.

Elmer A. Peterson to be postmaster at Walworth, Wis., in place of E. A. Peterson. Incumbent's commission expires May 30, 1938.

John T. O'Sullivan to be postmaster at Washburn, Wis., in place of J. T. O'Sullivan. Incumbent's commission expires May 30, 1938.

Edward A. Peters to be postmaster at Waterloo, Wis., in place of E. A. Peters. Incumbent's commission expires May 28, 1938.

James W. Carew to be postmaster at Waupaca, Wis., in place of J. W. Carew. Incumbent's commission expired May 15, 1938.

Frank P. McManman to be postmaster at Wisconsin Dells, Wis., in place of F. P. McManman. Incumbent's commission expires June 12, 1938.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 23, 1938

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou, who hast dealt so bountifully with us, O God, have mercy upon us; according unto the multitude of Thy tender mercies, blot out our transgression. Thou who hast put eternity in the hearts of men, enable us to overcome evil with good. Disclose unto us the enchanted dominion of a Christianized heart and mind. At the beginning of this day and week may our souls find whiteness, our minds unity, and our hearts forgiveness. We pray that the Great Shepherd may lead us into the fields of humanity waiting for our guidance and our help. Having been commissioned and honored, our Father, may we see the afflictions of our people, hear their appeals, realize their conditions, and work out the Master's definition of a good and a great life. May we deliver them into paths leading to homes of happiness, where tearful eyes become tearless, stormy words melt into peace, and sore hearts are mended. May the blessings of Almighty God abide with our President, our Speaker, and the Congress that our whole realm may be blest and satisfied. In the name of our dear Redeemer. Amen.

The Journal of the proceedings of Friday, May 20, 1938, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 10704. An act to amend section 4132 of the Revised Statutes, as amended.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the joint resolution (H. J. Res. 678) making an additional appropriation for grants to States for unemployment compensation administration, Social Security Board, for the fiscal year ending June 30, 1938.

COMMITTEE ON FOREIGN AFFAIRS

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that the Committee on Claims may be discharged from the further consideration of the bill (S. 3104) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, and that the bill may be referred to the Committee on Foreign Affairs. I have been in communication with the Committee on Claims about this matter and I believe its reference to the Committee on Claims was in error. There is no objection to its being rereferred.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. SPENCE asked and was given permission to revise and extend his own remarks in the Record.

Mr. QUINN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein a letter from the director of music of the Pittsburgh public schools.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

NATIONAL LABOR RELATIONS BOARD

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 5 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, proof of sabotage against aircraft being manufactured for the United States Army Air Corps is contained in the National Labor Relations Board case against the Northrup Division of the Douglas Aircraft Co., Inc., which is now under consideration by the National Labor Relations Board.

On page 255 of the official report of proceedings of the Northrup case before the National Labor Relations Board, which case is known as Case No. XXI-C-551, the Northrup attorney presented a letter addressed to the Northrup Division, signed by H. H. Wolf, major, Air Corps representative, on date September 14, 1937, regarding contract W-535, AC 8323, in which Major Wolfe notified the company that the Army would not accept any more airplanes under the contract unless certain guaranties were made.

"The resumption of acceptance of airplanes manufactured on contract," Major Wolfe said, "is dependent on your ability to demonstrate to this office that each airplane is free from malicious tampering and of the highest degree of workmanship" (p. 258 of official record).

Facts in the Northrup case are these:

The Northrup Co. had considerable labor difficulty and sabotage in the building and manufacture of aircraft for the United States Army and the United States Navy, as well as for some of the South American republics. No settlement could be made and work proceed on a satisfactory basis, so Donald Douglas, the president of the company, closed the Northrup plant. It remained shut down several weeks. Some time before its opening, a group of the workers presented to Mr. Douglas a plea to reopen the plant and set forth on their part a willingness to abide by certain rules and regulations which are essential in aircraft manufacturing plants. It was agreed that those returning to work would make a contract in which they agreed to abide by certain rules and posted a \$15 bond with the Northrup Co. to insure their good faith.

The Labor Board hearing was on the complaint that the contract, as signed by those who returned to work, was a violation of the Wagner Act.

As their complaining witness they had one Allen E. Reiss. Reiss testified that he did not return to the plant for employment when called, as did the other workers, but waited until a few days later. He took witnesses with him and told